

**USAID/GEO**  
**Guyana Economic Opportunities**

**The Exporter Handbook**

**The Export Answer Book for  
Small and Medium-Sized Exporters**

**Answers to the Most Commonly  
Asked Questions about Exporting**

**Prepared by  
Dr. Mark Bynoe**

*Submitted by:*  
**Chemonics International Inc.**  
*In association with*  
**Management Systems International, Inc**

*To:*  
**United States Agency for International Development  
Georgetown, Guyana**

Under Contract No. 504-C-00-99-00009-00

May 2004

**Technical Report N° 72**



Guyana Office for Investment

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May 2004

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*For:*

*The Guyana Office for Investment*



With the assistance of the United States Agency for International Development

## **ABSTRACT**

Guyana Office for Investment  
International Trade Centre UNCTAD/WTO (ITC)  
The Exporter Handbooks  
Georgetown, Guyana: Go-Invest/ITC

Handbook, customised to suit the needs of SME's in Guyana and answering the most commonly asked questions on the export process – covers market research, cultural issues, marketing, market entry methods, agents and distributors, trade shows, regulations, quality standards, pricing, financing and getting paid, transportation, documentation, packaging and labelling, trade agreements; provides contact information on in- country assistance organisations, and a comprehensive listing of current publications, periodicals, software programmes, and databases available within Guyana.

Keywords: Exporting, Guyana

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The designations employed and the presentation of material in this handbook do not imply the expression of any opinion whatsoever on the part of the ITC UNCTAD/WTO concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Mention of firm names and commercial products does not imply the endorsement of the ITC UNCTAD/WTO.

The opinions, figures and estimates set out in this handbook are the responsibility of Go-Invest, and should not necessarily be considered as reflecting the views, or carrying the endorsement of the ITC UNCTAD/WTO or USAID. The factual details and in-country resources in this publication have been researched and compiled by Go-Invest.

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## **FOREWORD**

It is with pleasure that the International Trade Centre (ITC) offers its congratulations to the Guyana Office for Investment (Go-Invest) and to its dedicated team who have put together this national version of “The Exporters Handbook: The Export Answer Book”.

The partnership between Go-Invest and ITC is part of what we call the “product - network” approach through which ITC develops a “product” and offers it for customisation and national dissemination to a network of trade development organizations in developing and transition economies. The “generic” materials for the Trade Secrets book were developed by ITC and Go-Invest customised them to reflect the specific exporting environment in Guyana and to suit the special needs of its SME exporters.

The “product - network” approach makes it possible not only to give joint ownership to the product and increase its outreach, but also to share the cost of research, writing and printing. Nearly fifty countries have adapted ITC’s generic material for this Trade Secrets book in order to produce national versions.

We are aware of the tremendous effort required for publishing a customized version for the wide national distribution – we are equally aware of the time, expense and the intellectual capital that have gone into the production of this publication. And we are proud of this partnership with Go-Invest on the production of this national version.

I look forward to our continued partnership.

R. Badrinauth  
Director, Division of Trade Support Services  
International Trade Centre (UNCTAD/WTO)  
Geneva

## **PREFACE**

“Trade Secrets – The Export Answer Book for Small and Medium- Sized Exporters” was designed as part of the Programme for the Competitiveness Improvement of SMEs (ProCIP) by the International Trade Centre (ITC) UNCTAD/WTO, Geneva. This book is intended to serve as a primary reference tool for small and medium - sized firms and consultants in need of a practical, results-based guide to exporting. It is a user-friendly, affordable reference book for existing and prospective exporters to understand the terms, processes and resources involved in exporting. It addresses over 100 questions most frequently asked by exporters and answers them in simple language.

This version of “Trade Secrets - The Export Answer Book for Small and Medium-Sized Exporters” is a joint publication of Go-Invest, the International Trade Centre UNCTAD/WTO, and the United States Agency for International Development (USAID). It is based on a generic version prepared by ITC, and has been customized with the assistance of USAID and ITC to meet the needs of the Guyanese small exporter. The research and compilation of factual details and in-country resources has been done by Go-Invest. It is the result of interaction with a large number of small industries, export houses, institutions, libraries, publishing houses, etc. The Exporter Handbook provides a comprehensive overview of the export transaction in a logical, step-by-step approach using a question and answer format. A very important element of the book is that questions are accompanied by related resources which enable the reader to delve deeper into a particular topic.

The title and certain portions of this publication are reprinted or adapted from “Trade Secrets - The Export Answer Book” by permission from the Michigan Small Business Development Centre at Wayne State University, Detroit, Michigan, USA.

## INTRODUCTION

**The Exporters Handbook** is intended to be a basic reference tool and consultative resource for small businesses currently exporting who seek to expand their sales in foreign markets and small businesses selling well domestically who seek to enter the export market. It offers prescriptive approaches and hints to solving problems in the export process. The *Handbook* identifies 125 most commonly asked question on exporting and answers them in plain English. The answers are supplemented by the names and addresses of relevant contacts, including service providers in the public and private sectors, and by a list of over 100 publications, periodicals, and informative websites. The *Handbook* is based on a generic handbook (*Trade Secrets: The Export Answer Book*) developed by the International Trade Centre (ITC – UNCTAD). It was customized for use in Guyana by the Guyana Office for Investment.

The Guyana Office for Investment would like to thank ITC for its assistance and for its permission to use its *Trade Secrets* as a model for the Guyana version. We would also like to thank the United States Agency for International Development (USAID) for its continuing assistance to Go-Invest and Guyana through the GEO Project in promoting investment and exports, and in particular for its financial and technical assistance in preparing the *Exporters Handbook*. Finally, we would like to thank the many private companies, associations, and individuals as well as the Government agencies and ministries which provided the necessary information for developing this important exporting tool.

G. DaSilva  
CEO  
The Guyana Office for Investment  
May 2004

## ACRONYMS AND ABBREVIATIONS

ACP	-	African Caribbean and the Pacific Countries
ACS	-	Association of Caribbean States
ARCC	-	Association of Regional Chambers of Commerce
BBK	-	Break Bulk Cargo
CARIBCAN	-	Caribbean – Canada Trade Agreement
CARICOM	-	Caribbean Community
CBI	-	Caribbean Basin Initiative with the United States
COD	-	Code of Delivery
CTA	-	Customs and Trade Administration
CYP	-	Commonwealth Youth Programme
ECLAC	-	Economic Commission for Latin America and the Caribbean
EDF	-	European Development Fund
EIB	-	European Investment Bank
EMC	-	Export Management Company
ETC	-	Export Trading Company
EU	-	European Union
FCL	-	Full Container Load
FDD	-	Food and Drug Department
GATS	-	General Agreement on Trade in Services
GATT	-	General Agreement on Trade and Tariffs
GCT	-	General Customs Tariff
GDP	-	Gross Domestic Product
GGB	-	Guyana Gold Board
GGMC	-	Guyana Geology and Mines Commission
GMA	-	Guyana Manufacturers Association
GNBS	-	Guyana National Bureau of Standards
GNMA	-	Guyana National Milling Authority
GOG	-	Government of Guyana
GO-INVEST	-	Guyana Office for Investment
GRA	-	Guyana Revenue Authority
GSBA	-	Guyana Small Business Association
GSP	-	Generalised System of Trade Preferences
GTA	-	Guyana Training Agency
GuySuCo	-	Guyana Sugar Corporation
GVC	-	Guyana Volunteer Consultancy
HACCP	-	Hazard Analysis Critical Control Points
IADB	-	Inter-American Development Bank
IMF	-	International Monetary Fund
IPED	-	Institute of Private Enterprise Development
ITC	-	International Trade Centre
LCL	-	Less than Container Load
MDB	-	Multilateral Development Bank
MFA	-	Market Factor Analysis
MFN	-	Most Favoured Nation
MoF	-	Ministry of Finance
MOFA	-	Ministry of Foreign Affairs



MOFTIC	-	Ministry of Foreign Trade and International Cooperation
MTIC	-	Ministry of Tourism, Industry and Commerce
NAFTA	-	North American Free Trade Area
NGMC	-	New Guyana Marketing Corporation
OAS	-	Organisation of American States
PSC	-	Private Sector Commission
SAD	-	Single Administrative Declaration
TIDCO	-	Tourism and Industrial Development Company of Trinidad and Tobago Limited
UK	-	United Kingdom
UNCTAD	-	United Nations Commission for Trade and
UNDP	-	United Nations Development Programme
UNICEF	-	United Nations Children Fund
UNIDO	-	United Nations Industrial Development
USA	-	United States of America
USAID	-	United States Agency for International Development
WB	-	World Bank
WTO	-	World Trade Organisation

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# 1

## Making the Decision to Export

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### FUNDAMENTAL ISSUES

1. Why should I export?
2. What are the benefits and risks of exporting?
3. What are the most common mistakes made by exporters?
4. When am I ready to export?
5. What questions should be asked before making the decision to export?
6. What incentives are available in Guyana for exporters?

*Appendix 1(a): Assessing your exportability*

*Appendix 1(b): Applying for concessions*

# 1. Why should I export?

Exporting offers several advantages for Guyanese businessmen and women. With a relatively small domestic market that is highly competitive and saturated, exporting provides an ideal opportunity for the country's growth and development. Therefore, it is critical from both a personal and national perspective that businesses export for the following reasons.

## **BENEFITS TO YOUR BUSINESS**

- **Increased sales and profits:** If your firm is experiencing growth through domestic sales, expansion into foreign markets can improve your profitability.
- **Reduced dependence on existing domestic markets:** Through expanding into foreign markets your firm's market base is increased, reducing internal competition and dependence on the domestic market.
- **Stability in the face of domestic market fluctuations:** By expanding into global markets your firm can spread its risks and reduce its vulnerability to fluctuations in the domestic economy, local consumer demand, and the local currency.
- **Improvement in cash flow:** Earning foreign exchange from exports could greatly ease cash flow transactions if your firm has to meet some of its costs in foreign currency.
- **Utilization of excess production capacity:** Through exporting, production capacity and length of production runs may increase, thereby utilizing previously unused capacity, decreasing average per unit costs and increasing economies of scale.
- **Enhancement of competitiveness:** Exporting can enhance your firm's and country's competitive advantage, both domestically and internationally, through the benefits derived from exposure to new technologies, methods and processes.
- **Improve the status of the firm:** Competing in foreign markets improves the status of your firm in the eyes of your domestic customers and competitors.
- **Improve the quality of the product:** Given the demands of the international market, exporting aids with improvements in the final product and can sharpen your marketing skills through exposure to competition in international markets.

## **RESOURCES**

A Step by Step Guide to Exporting. Published by Team Canada Inc. Cost: free. Downloadable at website [http://exportsource.gc.ca/heading\\_e.cfm?HDG\\_ID=2](http://exportsource.gc.ca/heading_e.cfm?HDG_ID=2) Contents include: *Tips for export success, identifying products or services with export potential, and your own export-ability.*

Breaking into the Trade Game. A Small Business Guide. United States Small Business Administration (SBA), Office of International Trade (OIT). An information tool for small businesses to help develop international markets. Also answers question on exporting. Can be downloaded from: <http://www.sba.gov/oit/info/Guide-To-Exporting>

Exporting and Importing. A basic how-to-guide to help you get started in international trade. Washington State Office of Trade and Economic Development, 1997. Can be downloaded from: [www.oted.wa.gov/trade/pdf/ieguide.pdf](http://www.oted.wa.gov/trade/pdf/ieguide.pdf)

A Basic Guide to Exporting. United States Department of Commerce in cooperation with Unz & Co., Inc. The full contents of the guide may be accessed at <http://www.unzco.com/basicguide>



**IN THE NATIONAL INTEREST**

- **Raises standards of living:** By exporting you can earn valuable foreign exchange.
- **Creates domestic jobs:** Exporting usually requires a firm to recruit more employees to cope with the additional production requirements. This provides the opportunity for an increased number of jobs in the domestic economy.
- **Help to reduce the trade deficit:** Exports represent approximately 65% of Guyana's Gross Domestic Product (GDP) out of approximately US\$770 million of annually traded goods and services.

Exporting is challenging, though the benefits for successful firms are immense reducing the exporter's dependence on the domestic market and encouraging more efficient utilization of resources. Many firms do not export because of the fear of the unknown. Fortunately there are a fair number of institutions in Guyana that can provide new exporters with assistance at most stages along the way. Ultimately though, the degree of success is determined by industriousness, dedication, reliability, trust, and receptiveness to advice.

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**RESOURCES**

*Guide to Exporting from Guyana.* Published by: The Guyana Private Sector Commission (PSC), Cost G\$3,000 obtainable from the PSC 157 Waterloo Street, North Cummingsburg, Georgetown. Tel: (592)-225-0977, Fax: (592)-225-0978 Email: [pscentre@guyana.net.gy](mailto:pscentre@guyana.net.gy) Contents include: *Export procedures, incentive schemes, packaging, financing and insurance, and costing and pricing.*

## 2. What are the benefits and risks of exporting?

Price, quality and service are important elements to reap the benefits from exporting, and once achieved, consistency and trust are essential if market share is to be maintained and expanded.

### **SOME BENEFITS OF EXPORTING**

- Expanded market share through a greater demand for your products
- Future growth and development of your firm as increased sales and income generate greater dynamism
- Greater stability of your firm's transactions due to reduced dependence on the domestic market
- Reduced dependence on the domestic market since you can strengthen your firm by diversifying into international markets, as well as niche markets
- Firms that export can take advantage of booming international markets rather than be stymied by a single market, thus diversifying their markets
- Diffuse domestic competition by expanding into less competitive foreign markets
- Higher profits as unit costs decrease and income from both local and foreign markets increase
- New ideas, approaches and marketing techniques learned from exposure to international markets may be successfully adapted to Guyanese firms, enhancing their competitiveness
- Increased production if the firm's capacity is presently underutilized in the domestic market
- Competition stimulates exporters in international markets to adapt their products and quality to the needs of their market, leading to an improvement in their level of technological expertise and an increase in product quality on the local market thus improving the competitiveness of the firm and the quality of its products
- Generation of jobs from increased production

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### **RESOURCES**

*A Step by Step Guide to Exporting.* Published by Team Canada Inc. Cost: free. Downloadable at website [http://exportsource.gc.ca/heading\\_e.cfm?HDG\\_ID=2](http://exportsource.gc.ca/heading_e.cfm?HDG_ID=2) Contents include: *Tips for export success, identifying products or services with export potential, and your own export-ability.*

***SOME RISKS OF EXPORTING***

**MOST risks of exporting can be reduced if correctly approached**

- Payment for products is not always guaranteed as some customers may default on payments. There may also be delays in payment by customers who have purchased your product
- Fluctuations in exchange rates can diminish or eliminate your profits
- Instability in foreign market(s) due to war, civil strife, or nationalization can lead to losses
- Competition may be more intense than anticipated in the foreign market, reducing the profitability of your venture
- Established firms in target markets may seek to restrict entry from potential competitors
- Bureaucratic structures, extensive paper work, and many potential delays are often faced by exporters that can impact negatively on a firm's resources
- Learning a country's trade regulations, business sectors, etc. can be burdensome and can impede management from effectively handling the company's domestic and internal affairs
- Sales may be lower than projected
- The product may not be accepted in foreign markets

***NEGATIVE EXPORT EXPERIENCE MAY ALSO RESULT FROM***

- Insufficient consideration of the production capacity needed to fulfill volumes demanded by foreign markets
- Products do not meet specifications or characteristics required by the market due to poor market analysis
- Inadequate calculation of all the costs involved in the sale price
- Unfamiliarity with foreign market opportunities and mode of operation of exporting to countries where business practices, language, culture, legal systems and currency are all different from those in the home markets
- A poor understanding or underestimation of competitive conditions in the target market
- Lack of an effective distribution system
- Poorly executed promotional campaign in the foreign market

- Failure to obtain commercial insurance or export guarantees
- Repatriation of profits from the target country may be constrained or forbidden

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## RESOURCES

**URL:** <http://www.tradeport.org>. This web site is useful for exporters as it covers information on various aspects of export development and trade assistance.

### 3. What are the most common mistakes made by exporters?

The following are the twelve most common mistakes firms make as they begin to export or expand into foreign markets

- Failure to obtain qualified export counseling and to develop a master international strategy and marketing plan before starting an export business
- Insufficient commitment by top management to overcome the initial difficulties and financial requirement of exporting
- Insufficient care in selecting overseas sales representatives or distributors
- Seeking orders from around the world rather than concentrating on one or two geographical areas and establishing a basis for profitable operations and orderly growth
- Neglect of the export business when the domestic market booms
- Failure to treat international distributors and customers on an equal basis with domestic counterparts
- Assuming a given market technique and product will automatically be successful in all countries
- Unwillingness to modify products to meet regulations or cultural preferences of other countries
- Failure to print your service, sales, and warranty messages in foreign languages
- Failure to consider use of an export management company or broker when the firm cannot afford its own export department or has tried one unsuccessfully
- Failure to consider licensing or joint venture agreements when import restrictions, insufficient resources, or a limited product line cause companies to dismiss international marketing as unfeasible
- Failure to provide readily available servicing for the product
- Failure to take into account intellectual property (IP) issues when planning export strategy, and failure to look into ways in which IP rights could enhance competitiveness in export markets.

With a bit more planning, discussion with other exporters or consultation with Guyanese agencies, many of these mistakes can be minimised.

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#### RESOURCES

*The Business Plan – Road Map to Success: A tutorial & self-paced Activity.* Prepared by: The US Small Business Administration. Tel: 1-800-UASK-SBA(1-800-827-5722). Cost: free. Downloadable at website <http://www.sba.gov/starting/indexbusplan.html>

*World Intellectual Property Organization*, web page at [www.wipo.int/sme](http://www.wipo.int/sme) provides an overview of Intellectual Property for Business, includes article "How can Intellectual Property Enhance the Export Opportunities of Your SME?" with further links on the relevance of IP issues for SMEs and its practical aspects.

## 4. **W**hen am I ready to export?

There are a number of factors that could determine whether your firm is adequately prepared to export. These factors can be internal or external to your firm. A useful exercise for any potential exporter would be to emulate the local firms who have already penetrated foreign markets. This would provide guidelines to be followed as well as reduce foreign market research costs. *Appendix 1(a)* provides a useful check-list for potential exporters.

### **INTERNAL FACTORS**

- **Planning to export.** This is the most important question. You must be mentally prepared to enhance your firm's capacities and to cope with the demands of exporting. You must then be willing to devote the necessary time and energy in this new business direction.
- **Organizational Readiness to Export:**
  1. *Manufacturing capacity.* You should ensure that your firm has the necessary plant and equipment capacity to sufficiently meet the demands of both your domestic and external markets.
  2. *Management and organization.* Exporting requires you to invest more time in your business. If your firm does not have an adequate management structure, or is already burdened by supplying the domestic market, it would be difficult to fulfill the commitments demanded for exporting.
  3. *Financial resources.* If your firm does not have a sound financial base, exporting can be problematic. It is vitally important that you have access to the necessary capital to develop your firm's marketing potential, conduct investigations and carry out promotions.
  4. *Technical knowledge.* If your firm has the technical workforce capable of product development and adaptation, it is more likely to have greater success than a firm without such capabilities.
  5. *Marketing experience.* Having an understanding of the way in which demand and supply interact within the domestic market will assist you to be better able to adapt your product marketing strategies to the conditions that exist in the target country.
  6. *Export experience.* If your firm has already experienced the successes and failures of exporting it will be at an advantage when assessing its exporting potential in new foreign markets.
  7. *Management's goal and priorities.* The orientation of management's goals and priorities has a direct relationship to the firm's export potential. If investment, product launches and hiring practices are aimed at the domestic market, the resources dedicated to the foreign markets may be insufficient and limit the export capacity of the firm.
- **Product Readiness to Export:** If your firm's product is successful in the domestic market, that is to say, it is competitively priced, current in design and engineering, and appealing to the selected customer segment, then marketing opportunities abroad are likely if the same criteria are successfully met in markets abroad.

To determine whether your product is capable of being exported it must be examined critically, and the manager must identify its inherent strengths and weaknesses. This analysis must be done in the context of the target export markets. Knowledge of the demand and supply conditions of the target markets and all other aspects is therefore essential.

## EXTERNAL FACTORS

There are major external variables that can affect the export potential of your firm. These are:

- The strengths and advantages, which a country may possess, can determine its potential to meet the requirements of exporting. These strengths include the country's natural resources, infrastructure, location, climate, and cost structure of the economy.
- Governmental policies can have an impact on your firm's capacity to export. Restrictive policies such as exchange controls and licenses tend to have a negative impact on a firm's potential to export. Likewise, governmental policies, which provide incentives that alleviate the financial burdens of exporting, can boost a firm's export potential.
- A country's currency and its exchange rate regime can affect the export potential of a firm. For instance, an exchange rate pegged to a stronger currency such as the US dollar may offer more stability, but may lead to overpriced products that reduce your firm's price competitiveness. A liberalized exchange rate, on the other hand, does increase the price competitiveness of a firm's exports since it would tend to reflect the firm's factor costs. It is therefore imperative to be aware at all times of the changes that take place on the exchange market.
- It is essential that you are able to adequately respond to your customer's wants in order to attain a good fit between the product and the demands of the target market.

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## RESOURCES

*Getting Started with Exporting.* Published by: The International Trade Centre UNCTAD/WTO (Palais des Nations, 1211 Geneva 10, Switzerland) and the Commonwealth Secretariat (Marlborough House, London, United Kingdom), Tel.: (41) 22 730 01 11; Fax: (41) 22 733 44 39.

*Assistance to Small and Medium-sized Enterprises for Enhancing their Capacity for Export Marketing* (1998), United Nations Publication, UN Plaza, New York, NY 10017, USA, Tel.: (212) 963 8302, Fax.: (212) 963 3489, Email: [publications@un.org](mailto:publications@un.org), URL: <http://www.un.org>. This publication focuses, among other things, on the inadequate attention to market research.

*Export Fitness Checker.* International Trade Centre. Web page at [www.intracen.org/ec](http://www.intracen.org/ec). Online tool to help assess export readiness in eight business areas: Strategy, Production, Finance, Organization and coordination, Marketing Distribution, Planning and analysis, Monitoring and Improvement.

## 5. **W**hat questions should be asked before making the decision to export?

Exporting is in many ways different to supplying the local market. It involves a considerable investment of financial, managerial, and production resources. Therefore, an objective analysis, including the following questions, is necessary before making the decision to export.

### ***IS YOUR PRODUCT ALREADY A SUCCESS IN DOMESTIC MARKETS?***

Often products that enjoy or have enjoyed a healthy market response in Guyana may do well in other countries, given similar conditions and markets (for example CARICOM territories). If you feel this applies to you, the next step is to identify why it sells or has sold so well here. Keep in mind that if conditions abroad are significantly different (socially, culturally, economically or politically), successfully exporting your product might be impeded.

### ***PRODUCT CONSIDERATIONS***

You need to consider the product itself. Do you actually have an exportable product? Answering these questions objectively will help you determine if the actual product is ready for export.

#### **Can you obtain a regular supply of raw materials?**

- Reliability is a major factor in exporting. Importers want to be certain that they can obtain a reliable supply of a product at a consistent level of quality. If a reliable supply of raw materials is not available to you, you may encounter difficulties in meeting export orders because of insufficient volumes of production. You may also experience difficulties in supplying a product of consistent quality. If it is difficult to source your raw materials or your raw materials are imported, the price of your export product may vary significantly.

#### **Is your product unique or different?**

- If your product has competition in a foreign market, it may be difficult to sell. With this in mind, you may want to ensure your product has significant advantages over its competitors by looking at its unique features, suitability, and enhanced after-sales service. Unique features may also include superior quality, cutting-edge technology or adaptability. If a product is new and unique, check if any low-cost market research exists to help assess market potential.

#### **Does your product have an adequate shelf life?**

- In the competitive world of marketing, the ability to export products that have an adequate shelf life is a necessity.



**Is your product versatile enough to enter different markets and fulfill various needs?**

- A product that is versatile has the potential to succeed in the international market place as the more flexible the product, the wider a market it will tend to appeal to.

It is imperative that potential buyers of your product have an incentive to do so. As such, you must be able to demonstrate what are the advantages, i.e., credit facilities, quality and quantity, nutritional facts, etc., of purchasing your product over other similar products.

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**RESOURCES**

Web site <http://www.tradeport.org>. This web site offers a range of advice for product development, export potential and trade.

## 6. **W**hat incentives are available in Guyana for exporters?

Firms in specific sectors are entitled to certain incentives, while those producing for export are accorded the following allowances

### ***Export Allowances***

- Exporters of non-traditional products or agricultural produce to markets outside of CARICOM can benefit from the export allowance tax that varies from 25% to 75% of export profits. For example:

Percentage of Export Sales to Total Sales	Export Allowance*
Less than 10%	0
10% - 20%	25%
21% - 30%	35%
31% - 40%	45%
41% - 50%	55%
51% - 60%	65%
More than 60%	75%

\* % of profits excluded from income tax

### ***Foreign Exchange Retention***

- Based on their exporting activities, exporters are allowed to open and maintain foreign exchange accounts with commercial banks. These accounts are used, among other things, for importing inputs and financing export-related activities.

### ***Customs Duty and Consumption Tax Concessions***

- A zero-rate on customs duty and consumption tax is applied to most items of plant, machinery and building equipment imported for agri-businesses, and the forestry, mining, tourism, garment and textiles and information technology sectors. There is also duty free entry of inputs for manufacturing production. A list of these items can be obtained from the Guyana Office for Investment (GO-INVEST).
- Zero-rate on customs duty and consumption tax on raw materials used in the production of goods for export. Under a duty-drawback system, for qualifying firms and products, consumption tax paid on imported raw materials may be remitted. Qualifying firms must first be registered with the Customs and Trade Administration under the Consumption Tax Act to benefit from these concessions. Lists of these products are obtainable from the GO-INVEST and the Ministry of Finance (MoF). Steps to follow in submitting a proposal for concessions are shown in *Appendix 1(b)*.

### ***Repatriation of Resources***

The Government of Guyana (GoG) offers full and unrestricted repatriation of capital, profits and dividends.

***Double Taxation Relief***

Guyana has double taxation treaties with Canada, the United Kingdom (UK), the United States of America (USA) and CARICOM countries with the exception of Jamaica, St. Lucia, Barbados and Trinidad and Tobago. These treaties specify in which country taxes are to be paid and prevent a business from being taxed in both countries.

***General***

In addition to some specific advantages conferred on certain industries, e.g., tourism, fisheries, mining, exporters can access the preferential markets defined by CARICOM, Lome IV, CARIBCAN, and the US under the Caribbean Basin Initiative (CBI).

See the Investment Incentives Section of the Go-Invest Investor's Roadmap at <http://www.goinvest.gov.gy>. Additionally, a listing of these various incentives can be obtained from the Guyana Office for Investment at 190 Camp and Church Streets, Georgetown.

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**RESOURCES**

*The Customs and Trade Administration Tariff Book*. Prepared by the Customs and Trade Administration of the Guyana Revenue Authority.  
URL: <http://www.goinvest.gov.gy> and [http://www.guyanaconsulate.com/investment\\_areas.html](http://www.guyanaconsulate.com/investment_areas.html) are useful source to find information concessions offered in Guyana

**Appendix 1(a)****ASSESSING YOUR “EXPORT-ABILITY”**

While there are exceptions to every rule, export veterans and trade specialists know that certain factors make the ramp-up to international markets easier, faster and less risky. To test your “export-ability”, answer the following questions and then check your score:

**1. Is your product or service currently available?**

- ☐ Currently in production or being developed
- ☐ At the development stage
- ☐ At the idea stage only

**2. Is your product or service selling in the Guyanese market?**

- ☐ Selling, and market share is growing
- ☐ Selling, but market share is low
- ☐ Selling in only one section of the country

**3. Do you have the surplus production capacity or available specialists to meet increased demand for your product or service?**

- ☐ Yes
- ☐ No

**4. Do you have the financing required to adapt your product or service to suit your target market and to promote it?**

- ☐ Financing is in place
- ☐ Financing is being arranged
- ☐ No financing available

**ABOUT YOUR FIRM****5. Are you committed to sustaining your export effort?**

- ☐ Yes
- ☐ No

**6. Does your firm have a good track record of meeting deadlines?**

- ☐ Yes
- ☐ No

**7. Do you have experience in export markets?**

- ☐ Yes
- ☐ No

**ABOUT YOUR PRODUCT OR SERVICE****8. Does your product or service have a distinct competitive advantage (quality, price, uniqueness, innovation) over your competition?**

- ☐ Yes
- ☐ No

**9. Have you adapted your packaging (labeling, and/or promotional materials) for your target market?**

- ☐ Yes
- ☐ No

**10. Do you have the capacity and resources to provide after-sales support and service in your target market?**

- ☐ Yes
- ☐ No

**11. Do you have a Free on Board (FOB) or Cost, Insurance and Freight (CIF) price list for your product, or a rate list for your service?**

- ☐ Yes
- ☐ No

**12. Have you undertaken any foreign market research?**

- ☐ Completed primary and secondary market research, including a visit to the target market

- ☐ Completed some primary and secondary market research
- ☐ No research

**13. Have you started marketing your product or service in your target market?**

- ☐ Yes
- ☐ No

**14. Is your promotional material available in the language of your target markets? (Business cards, brochures, web sites, etc.)**

- ☐ Yes
- ☐ No

**15. Have you engaged the services of a sales representative/distributor/agent, or partnered with a local firm in the target market?**

- ☐ Yes
- ☐ No

**16. Have you hired a freight forwarder or customs broker in the target market?**

- ☐ Yes
- ☐ No

### HOW DID YOU SCORE

If you selected "A", or answered "Yes" to 12 – 16 questions congratulations! You understand the commitment, strategies and resources needed to be a successful exporter. At the very least, you have the foundation in place to take on the world and succeed.

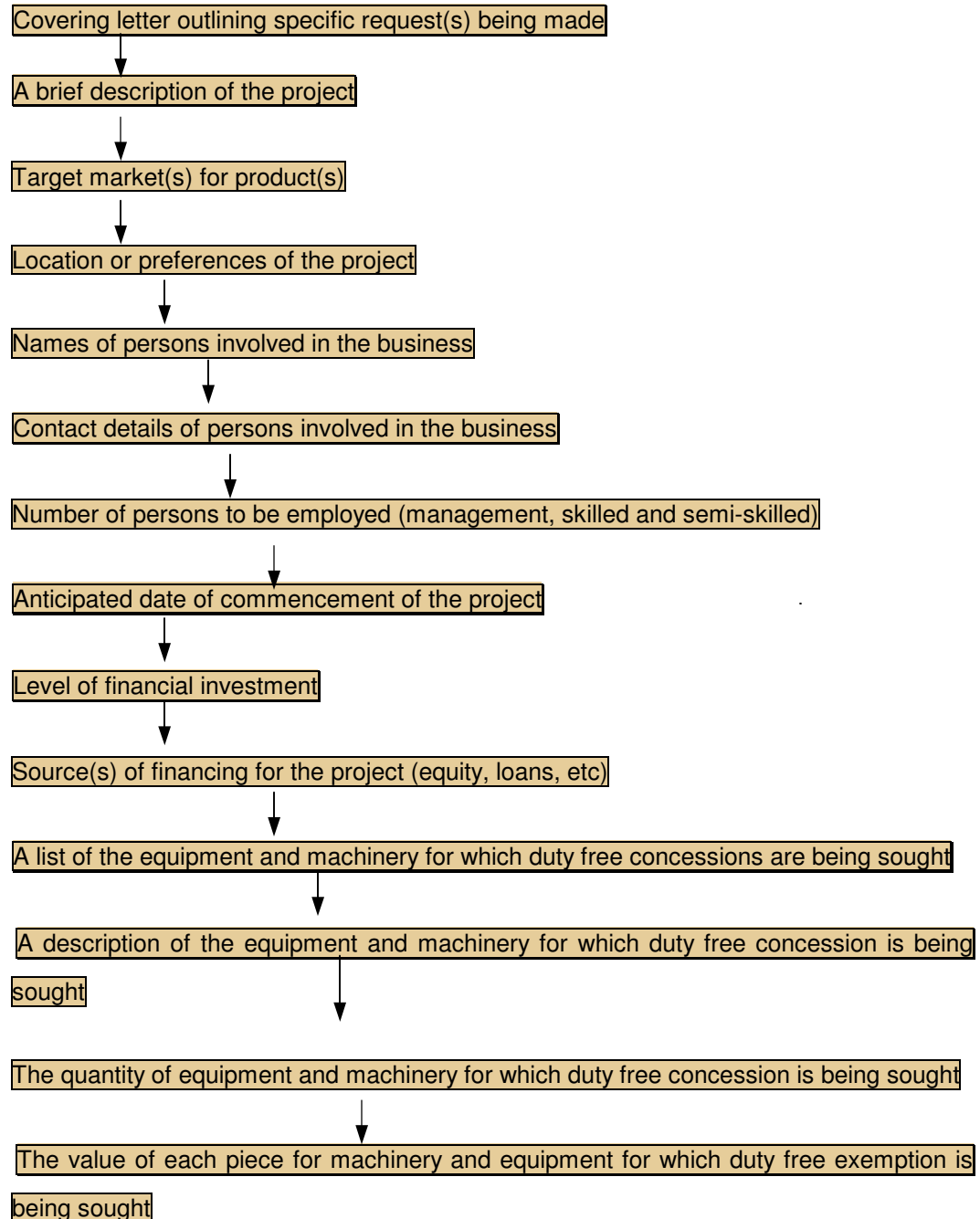
7 – 11: Not bad, but there seem to be areas of weakness in your export strategy. It may be wise to seek advice and guidance from government experts, export consultants or the international trade branch of your financial institution.

Less than 7: While you may be ready to visit faraway lands, you will need to do a little more homework before you export.

**Appendix 1(b)**

To benefit from concessions, companies should submit a proposal to Chief Executive Officer, Guyana Office for Investment, 190 Camp and Church Streets, Georgetown, Guyana

The proposal should have the following



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**RESOURCES**

Guyana Office for Investment (GO-INVEST) 190 Camp and Church Streets, Georgetown, Guyana Tel: 592-225-0658 / 592-227-0653, Fax: 592-225-0655, <http://www.goinvest.gov.gy>

# 2

## Support Structures to Assist Potential Exporters

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### IMPORTANT SOURCES

7. What agencies are available and what services do they offer potential exporters?
8. What is a business plan and how does it help me in exporting?
9. What are the tips and avoidable traps when developing an international business plan?
10. What is an export marketing plan and how would it help me in exporting?
11. What assistance can I receive from Guyana's diplomatic missions abroad?
12. What is the Internet and how can it be useful to exporters?
13. How can the Internet be used to promote my product?
14. What are the main websites for trade information?

*Appendix 2(a): Guyana's Diplomatic and Consular Representatives*

## 7. **W**hat agencies are available and what services do they offer potential exporters?

There are several agencies that provide trade information and assistance. The following list contains some of those that are considered most useful to Guyanese exporters under the headings of government and non-governmental organisations

### ***Governmental Agencies***

**Guyana Office for Investment (GO-INVEST):** This agency is the primary contact for exporters. It liaises, on their behalf, with other government entities, and among its various functions are:

- Provides trade information for the successful exploitation of overseas markets,
- Recommends applications for concessions and providing other governmental support,
- Works closely with exporting organisations to address problems affecting current and potential exporters,
- Advises the Government on the formulation of national export policies and the implementation of such policies,
- Assisting exporting companies to improve their export performance;
- Undertaking market research activities for exporters through technical assistance available to the Agency; and
- Assisting exporters in promoting their products in overseas markets through participation in international trade fairs, exhibitions, and missions.

You can visit GO-INVEST at 190 Camp and Church Streets, Georgetown Tel: 592-225-0658/0653, 227-0653, Fax: 592-225-0655 web site: <http://www.sdn.org.gy/goinvest>

**The New Guyana Marketing Corporation (NGMC):** The mandate of the NGMC is to promote and facilitate an increase in the production and marketing of non-traditional agricultural products. Among the functions of the NGMC are:

- Improving market access,
- Providing marketing intelligence and promoting the export of non-traditional agricultural products,
- Advising on freight and other marketing matters,
- Providing a one-stop brokerage desk for the exportation of fruits and vegetables,
- Collecting, analysing and disseminating of market information,
- Bringing buyers and sellers together,
- Providing technical advice and assistance for sourcing supplies, harvesting, clearing, packaging and facilitating logistical arrangements for exports; and
- Providing information (on request) on the cost of production and on opportunities for investment in non-traditional products and agro-industrial sectors in Guyana.
- Managing the Central Packaging House facilities at Sophia Exhibition Complex.

The NGMC has its main office at 87 Robb and Alexander Street, Lacytown, and can be contacted on Tel: 592-227-1630 / 226-8255 (Georgetown), Fax: 592-227-4114, Website: <http://www.agrinetguyana.org.gy/ngmc/>

**Food and Drug Department (FDD):** The FDD monitors:



- The quality of locally processed and imported pharmaceuticals, food products, bottled water, cosmetics, and medical devices,
- The quality of inputs used in the domestic processing of these items, and
- The labelling of all such items.

For further information contact the Information Officer of the FDD office at Mudlot, Kingston Georgetown on Tel: 592-263-4711/226-8337

**Guyana National Bureau of Standards (GNBS):** The objectives of the GNBS are:

- To promote standardization in industry and commerce;
- To prepare, frame, modify or amend specifications and codes of practice;
- To provide facilities for the testing and calibration of precision instruments, gauges and scientific apparatus, for the determination of their degree of accuracy by comparison with approved standards and for the issuing of certificates;
- To provide facilities for the examination and testing of manufactured, processed, produced or treated commodities or substance;
- To control, in accordance with the provisions of the Standards Act, the use of standardization and distinctive marks;
- To encourage and/or undertake educational work in connection with standardization;
- To provide for co-operation with any person, association or organisation outside Guyana having objectives similar to those for which the Bureau is established;
- To assist in the rationalisation of industry by coordinating the efforts of producers and consumers for the improvement of appliances, processes, raw materials and products; and
- To establish, form, furnish and maintain information systems and laboratories for the purpose of furthering the practice of standardization.

For further information, contact the Public Relations Department Tel: 592-225-6226/225-9013/227-7890 *Email:* [gnbs@sdnp.org.gy](mailto:gnbs@sdnp.org.gy)

### ***Non-Governmental Organisations***

**The Private Sector Commission of Guyana (PSC):** The PSC, through the Private Sector Centre:

- Provides a business library, computers, internet connection and printing services; and
- Renders consultancy services, including fact-finding studies, business plans, and market research.

To speak with a representative, you can visit the library at 157 Waterloo Street Georgetown (592-225-0977), or email the Executive Director at: [info@psc.org.gy](mailto:info@psc.org.gy)

**Guyana Manufacturers Association (GMA):** The objectives of the GMA are:

- To initiate and pursue skills development;
- To increase the manufacturing sector's contribution to GDP through increased competitiveness and advocacy;
- To promote opportunities for accessing affordable financing;
- To build proficiency in information technology; and
- To develop capabilities to conduct market research and feasibility studies for manufacturing opportunities.

The GMA is located at Sophia Exhibition Site, Greater Georgetown Guyana, and can be contacted on Tel.: 592-227-4295 and Fax: 592-225-5615.

**Commonwealth Youth Programme (CYP):** The CYP through the Commonwealth Youth Credit Initiative provides youths between the ages of 18 – 30 years with the following assistance:

- Supporting young entrepreneurs to access credit from larger financial institutions, and improving awareness among financial institutions about creditworthiness of youths;
- Providing training in personal development and the small business management skills, mentoring, and ongoing support after establishment of their businesses; and
- Providing credit initiatives and facilities.

For further advice you can contact them on Homestretch Avenue, P.O. Box 101063, Georgetown, Tel.: 592-226-8565 / 227-1868, Email: [cypcc@cypcaribbean.org](mailto:cypcc@cypcaribbean.org)

**Guyana Youth Business Trust (GYBT):** The GYBT was established in February 2000 with assistance from His Royal Highness Prince Charles' Trust. The GYBT provides assistance in the form of loans to young entrepreneurs between the ages of 18-30 years, for the creation, growth and development of successful businesses. Its main objective is:

- To provide assistance to young people between the ages of 18 and 30 years in the creation, growth and development of successful businesses. This assistance includes:
  - ✓ Direct technical assistance;
  - ✓ Facilitating access to financial assistance;
  - ✓ A mentorship programme;
  - ✓ Training;
  - ✓ Business counselling and supervision; and
  - ✓ A group life insurance

For further advice you can contact them at the Institute of Private Enterprise Development (IPED) building on 253-254 South Road, Bourda, Georgetown, Tel.: 592-225-8949/226-5913, Email: [gybt@yahoo.com](mailto:gybt@yahoo.com)

**Institute of Private Enterprise Development (IPED):** IPED is a non-governmental organisation that seeks to promote the growth and development of economic activities designed to improve the social and economic welfare of the people of Guyana through the provision of business guidance, technical assistance and non-traditional credit facilities to micro, small and medium sized entrepreneurs.

- Provides business guidance and technical assistance, and
- Provides credit facilities to micro and small-scale enterprises.

Located at 254 South Road Bourda, Georgetown Tel.: 592-225-3067 / 225-8949, Fax: 592-226-4675, Email: [iped@solutions2000.net](mailto:iped@solutions2000.net)

**Scotia Enterprise:** Scotia Enterprise, a micro-credit division of The Bank of Nova Scotia:

- Provides finance to self-employed small business-people including vendors, traders, farmers, and manufacturers; and
- Educate the informal sector entrepreneurs in credit use.

Loans are provided to groups of 5 or 6 individuals who must have at least 6 months previous business experience. No collateral is required for loans. They can be contacted at 40 Pike Street, Kitty, Georgetown Tel: 592-227-7903 Fax: 592-225-9309.

**Guyana Volunteer Consultancy (GVC):** The Guyana Volunteer Consultancy was officially launched in November 1993. GVC offers:

- Assistance in institutional strengthening to NGOs and community groups; and
- Workshops on the development of a business plan, in general administration, marketing, record keeping, and in specific technical areas to micro-entrepreneurs.

The Guyana Volunteer Consultancy (GVC) is located at 109E Barrack Street, Kingston, Georgetown, and can be contacted on Tel: 592-226-0203 / 226-3423 or Fax: 592-226-7187.

**Association of Regional Chambers of Commerce (ARCC):** This Association which was recently formed, acts more as a facilitator. Among its many functions is:

- The provision of information on trade fairs, trade missions and other investment opportunities externally, and
- The mobilisation of its membership and actively seeking markets for products.

For further information please contact Mr. Muntaz Ali, 137 Waterloo Street, South Cummingsburg, Georgetown, Guyana Tel: 592-225-9444.

**Guyana Training Agency (GTA):** The GTA's services are demand driven. Upon request, it:

- Conducts training needs analysis in businesses to assist them in determining their training needs,
- Designs courses to satisfy identified needs, and
- Arranges for training to be conducted within an established institution (training centre) and/or on the job, by competent professionals.

For further information contact Ms. Denise Beresford at 157 Waterloo Street, North Cummingsburg, Georgetown on Tel: 592-226-3557/226-3651; Fax: 592-226-3667; Email: gat1@solutions2000.net

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## RESOURCES

*Web site* <http://www.ybiz.com/aybizweb/Resourcemastrfile/DirectoryofResources/guyana.htm> is a useful source for the assistance one can obtain from various government and non-governmental agencies.

## 8. What is a business plan and how does it help me in exporting?

A business plan is your firm's resume and it helps you to assess your firm's preparedness to meet the demands of exporting

A business plan helps you to define your firm's operational structure, its objectives and goals, and assists you to allocate your resources efficiently, to handle unforeseen complications, and to make the right decisions.

When developing your business plan, it is important to clearly identify the current status, objectives and strategies of your business. These can be used as the basis for a critical examination to probe existing or perceived **strengths, weaknesses, threats** and **opportunities**. This then leads to strategy development covering the following issues:

- **Description of the business** – business description, product/service type, and location of business.
- **Evaluate the market for your product/service** - know your competitors and customers-their likes, dislikes, expectations, pricing and sales policy, etc.
- **Develop a management plan** – who will be on your team, what are their strengths/weaknesses, etc.
- **Devise a financial management plan** – construct a start-up that includes one-off costs like major equipment, down payments, etc.
- **Support Data** - executive summary, supporting documents, financial, projections and forecasts.

WHILE THERE IS NO SET PATTERN FOR CONSTRUCTING A BUSINESS PLAN, THE CORE COMPONENTS ARE:

1. **Introduction**
  - Explain who wrote it, when and for what purpose and give contact details.
2. **Executive Summary**
3. **Mission and Strategies**
  - The central purposes and activities of the planned business
  - Major objectives, key strategies and prime goals
4. **Present Status of Project**
  - Summarize financial, sales and technical achievements and performance
5. **Product/Service Description**
  - Products to be produced
  - Type of activities to be carried out
6. **Profile of Target Market(s) and Opportunities**
  - Size, segments, trends, competition and user/customer profiles
7. **Marketing Strategies and Sales Plans**
  - What sales will be achieved in the main markets?
  - How will you deal with your main competitors?

**8. Operational Plans**

Indicate organization, resources, costing, etc.

**9. Management Plan**

Introduce the proposed structure etc.

Indicate overhead costs.

**10. Financial Position & Projections**

Use simple tables to present estimated costs (land, labour, buildings, machinery, etc)

Estimated revenue (Place the detailed analyses in appendices).

**11. Funding Requirements and Proposals**

Summarize funding requirements and possible source(s) of funding

For investors, the projected return on their investment. **Be realistic!**

**12. Risk and Contingency Plans****13. Implementation Plan**

Identify and explain the major decision points, time scale and actions required to progress the plan

**14. Conclusion**

Indicate why you think the business will succeed and why it should be supported.

**15. Supporting Documents (if considered necessary by regulatory body)**

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**RESOURCES**

*The Business Plan – Road Map to Success: A tutorial & self-paced Activity.* Prepared by: The US Small Business Administration. Tel: 1-800-UASK-SBA(1-800-827-5722). Cost: free. Downloadable at website <http://www.sba.gov/starting/indexbusplan.html>

*White Paper – Writing a Business Plan.* Prepared by: Planware Invest-Tech Ltd. 27 Ardmeen Park, Blackrock, Co. Dublin, Ireland, Tel: +353-1-283-4083, Fax: +353-1-278-2391, email: [info@planware.org](mailto:info@planware.org). Cost: free. Downloadable at website <http://www.planware.org/bizplan.htm#6> Contents include: *Why plan?*

*Preparing an outline plan, and Planning to Plan.*

<http://www.wipo.int/treaties/registration>

## 9. What are the tips and pitfalls when developing a business plan?

The best business plans, poorly implemented, are of little value. Additionally, a flawed business plan, no matter how brilliant the leadership or how effective the implementation, is doomed to fail. A sound business plan, implemented without error, wins every time.

A business plan should be sound, well conceived, and avoid the most obvious errors. It is not that difficult to avoid the most common traps, if you know what to look for. Generally, business plan failures occur for two reasons. **First**, plans are about the future, and most planners are, by nature, optimists and pay little attention to what might go wrong later. **Second**, even when business planners acknowledge the possibility of failure, they tend to see every situation as unique. Yet there is much to be gained from examining the business failures of others. Following are some tips and some avoidable traps for people when writing a business plan.

- Obtain no-cost/low cost advice from qualified export counselors before developing your business plan, i.e., from GO-INVEST and NGM.
- Conduct market analysis
- Be aware of changing conditions in the competitive market environment
- Utilise the Internet to advertise your business, if possible, and conduct research
- Know your firm's capacity to meet demand
- Address the buyer's decision points, i.e., quality of product, delivery schedule, price, warranties, liability for claims/damages, packing and packaging, terms of payment, mode of transportation, and ability to provide a progress report on orders
- Check a buyer's, distributor's or partner's credit before agreeing to any deal
- Know what price you can afford to sell your product at in the foreign market
- Do not base your business plan on a flawed set of assumptions and/or ambitious projections
- Do not set arbitrary and inflexible goals
- Seek to exploit niche markets and markets that offer a long-term competitive advantage
- Do not underestimate the strength of your competitors
- Have an organised, focused and attractive business plan

- Identify your risks and specify contingency plans to cope with these
- Do not overestimate the value of your business

In the final analysis, leadership is critical. This implies maintaining a steady hand on the tiller and ensuring your business is "doing the right things" and avoiding the common business errors

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## RESOURCES

*The Business Plan Kit.* Prepared by: Brian E. Hill and Dee Power. Tel: (480)-837-9590. Cost: US\$69.96. Order at website <http://www.business-plan-kit.com/> or <http://www.Amazon.com> Useful kit for training purposes that include *Killer mistakes you want to avoid*, and *How you can get information about your markets*.

## 10. **W**hat is an export marketing plan and how would it help me in exporting?

An export plan can help you decide if there is a foreign market for your product/service and if your products would be competitive

### ***AN EXPORT PLAN CAN HELP IN AT LEAST ONE OF THE FOLLOWING WAYS:***

- Assists you in articulating your export ideas clearly, easily and concisely to others
- Helps you to identify potential markets and the competition in those markets
- Helps in identifying export responsibilities and scheduling timetables
- Supports your case with banks and development agencies

### ***AN EXPORT PLAN THEREFORE, SHOULD HELP YOU IDENTIFY:***

- Purpose and commitment to exporting
- Long-, medium- and short-term goals
- Product and Company readiness
- Export strategy
- Business Insurance
- Market surveys and analyses
- Financing options
- Pricing, payment and delivery schedules
- Risks and contingency plans

WHILE THERE IS NO FIXED FORMAT FOR AN EXPORT PLAN WE INCLUDE BELOW AN OUTLINE OF A TEMPLATE FOR AN EXPORT PLAN (***see next page***). HOWEVER, IN CONSTRUCTING AN EXPORT PLAN, IT IS USEFUL TO FOLLOW FIVE STEPS:

- Identify the objectives of your business
- Indicate the duration of the plan
- Determine the activities necessary to realize your objectives
- Evaluate your competition
- Study the export markets to determine potential opportunities and possible pitfalls



An export plan should include the following:

## **Table of Contents**

### **Executive Summary**

#### **Introduction**

- A. Purpose of Plan
- B. Export readiness factors
  - Short term and long term goals for exporting
  - Statements of why your business is ready to export (i.e., management commitment, financial and personnel resources, etc.)
  - Product description and function
  - Statements of why product is ready for export (i.e., domestic product success, and targets and need)
  - Brief description of the industry structure, competition, and demand

#### **Market Research**

- A. Product classification
- B. Basic customer profile
- C. Target industry (identify and evaluate)
- D. Target country (identify and evaluate)
  - Primary
  - Secondary
  - Special challenges of country (i.e., culture, climate, resources, etc.)
- E. Target Market (identify and evaluate)
  - Primary
  - Secondary
  - Special challenges of market (i.e., culture, import controls, etc.)
  - Product modifications needed
  - Competition and demand (identify and evaluate)

#### **Export Strategy**

- A. Entry into market
- B. Trade leads
- C. Overseas representation
  - Managing distributors
  - Motivating distributors
- D. Promoting the product
- E. Servicing products and warranties

#### **Sales and Delivery**

- A. Product pricing
- B. Method of payment
  - Terms
  - Conditions
- C. Product delivery
  - Shipping
  - Storing
- D. Forecast of sales within first year

#### **Trade Rules and Regulations**

- Rules and regulations that affect your product in the target country and market (i.e., export licenses, tariff laws, etc.)

**Financing**

- Available financing resources
- Methods

**Plan Implementation of Schedule**

- Time frame for implementing elements of plan
- Time frame for evaluating implementation

**Appendix**

Background information on company

Background information on target countries

Background information on target markets

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**RESOURCES**

Template obtained from <http://www.tradeport.org/ts/getting/plan/index.html> The website <http://www.tradeport.org> is an excellent source of international trade information and is a trade utility database.

The website <http://www.small-business.co.il/> is a gateway site for information on small businesses.

# 11. What assistance can I receive from Guyana's diplomatic missions abroad?

Through the establishment of a number of diplomatic missions across the globe, these missions have access to useful trade-related and other information that are not generally available to other organisations

The Ministry of Foreign Affairs (MoFA) and its Overseas Missions, and the Ministry of Foreign Trade and International Co-operation (MOFTIC) are responsible for the authentication of signatories and documents. The Overseas Missions are often the first source of contact that potential foreign investors and importers have with Guyana. Investors regularly contact these Missions to obtain information on the business environment in Guyana, the rules and regulations that obtain domestically, and to garner information on specific companies.

The Ministry of Foreign Affairs and its Overseas Missions, and the Ministry of Foreign Trade and International Co-operation provide assistance to exporters through:

## **MINISTRY OF FOREIGN AFFAIRS**

- Following matters of protocol
- The mediation of disputes prior to tribunal hearings
- The promotion of Guyanese products/services abroad
- The provision of country information and information on specific businesses
- The provision of information on growth areas/sectors, government's priorities, laws and regulations, and incentive schemes
- The provision of information to potential investors, importers, distributors and suppliers
- The renewal of passports
- Providing translation services

## **MINISTRY OF FOREIGN TRADE AND INTERNATIONAL CO-OPERATION**

- Facilitate the negotiation of Multilateral Investment Treaties
- Represent Guyana's trade interests at the World Trade Organisation (WTO) and other forums concerned with globalisation and trade liberalisation
- Represents Guyana's interest with international organisations such as the World Bank (WB) and the Inter-American Development Bank (IADB)

On some occasions exporters have sought the assistance of Guyana's Overseas Missions to intervene and seek to protect their interests when faced with issues related to non-payment or unfair trading practices by importing countries.

Where Guyana may not have a Mission in a particular country, a citizen can contact the nearest mission accredited to Guyana. *Appendix 2(a)* contains a list of Guyana's diplomatic missions abroad and their contact details.

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## **RESOURCES**

For additional information on the Ministry of Foreign Affairs, see [http://www.guyana.org/govt/foreign\\_missions.html](http://www.guyana.org/govt/foreign_missions.html) or <http://www.sdn.org.gy/minfor/>

## 12. What is the Internet and how can it be useful to exporters?

Use of the Internet is growing rapidly and increasing numbers of small- and medium-sized firms are taking advantage of it, shouldn't you?

The Internet is a global network of computers that communicate with each other via telephone lines. Its use commercially began around 1980 as a means of sharing information within the academic and scientific communities.

The Internet can help you in any of the following area:

**Research Foreign Markets:** The Internet is a source of general information about different countries, international markets, international trade, products, manufacturing processes, product and manufacturing innovations. In addition, it provides statistical information, company listings, information about government and non-governmental organisations, international accords and conventions. All of these are important for the exporter in researching particular markets. The Internet can be a powerful source of information on current and potential competing firms, their strategy and plans.

**Promote Business Activities:** The Internet is a relatively inexpensive way of disseminating in-depth information, receiving direct feedback from clients and contacting potential trading partners.

**Market your product/Service:** The exporter can create a location or “site” where information about the product, service or firm can be easily obtained. In some places, having a “site” on the Internet is an essential part of gaining and maintaining credibility and customer relations.

While the Internet provides the possibility to improve your business image and sales, it is still important for you to set up a sound business plan that tracks investment and returns over time

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### RESOURCES

*Secrets of Electronic Commerce: A Guide for Small and Medium-Sized Exporters* June, 2001. Publisher: International Trade Centre (ITC) UNCTAD/WTO. Cost: *Free*. Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland, Tel: (0941) 22 730 0218. Web Site: <http://www.intracen.org>. Contents: This 215 page directory lists *introductory issues to electronic commerce; developing e-commerce strategies; on-line market research; on-line marketing; on-line communication techniques, selected current publications, journals, web sites, software program and databases available*.

*Trade Information Through the Internet*, 2<sup>nd</sup> ed., April. Publisher: International Trade Centre UNCTAD/WTO. Cost: *Free*. Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland, Tel: (0941) 22 730 0218. Web Site: <http://www.intracen.org>. Contents: This directory lists *website addresses of trade contacts, market information, numeric information, trade regulations and standards and government procurement*.

*Cybermarketing: A Guide For Managers in Developing Countries*. Publisher: International Trade Centre UNCTAD/WTO. Cost: *Free to developing countries*. Obtainable: Trade Information Section, Palais des Nations, 1211 Geneva 10, Switzerland, Tel: (0941) 22 730 0218. Web Site: <http://www.intracen.org>. Contents: *Guide on how to make use of commercial possibilities of the internet, etc.*

## 13. How can the Internet be used to promote my product?

The Internet is both a marketing tool and a technique that gives firms an opportunity to display their products and services to customers world-wide

The Internet enables firms in developing countries to market their products or services worldwide. While the initial costs for developing a website can be relatively high, the return on this investment can be expected to surpass initial expense in the long-run. However, in setting up a website, it is imperative that the following be observed:

- Establish an e-mail account
- Keep it “fast” by using a minimal number of graphics and photos
- Make your web site interactive
- Put information on your web site that responds to what your potential buyers may want to know
- Include educational information
- Articulate the firm's strategic goals
- List the key contacts within the firm
- Include a complete list of products
- State delivery schedule, warranties, and technical assistance offered
- Explain how the product is packaged and mode of transportation used for export
- List the firm's terms of payment
- Encourage feed back options
- Respond to e-mail within three days
- Provide links to complementary organizations
- State the firm's production capacity, manufacturing processes, quality control systems, previous export experience, firm history, number of employees, and financial standing
- List your products on web sites that advertise foreign buyers and contacts
- Place phone, fax, e-mail, and mailing address on each page of the web site
- Ensure web sites are updated regularly

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### RESOURCES

*SMEs for Good Web Site Secrets* Business Forum, Jan, 1999. Publisher: International Trade Centre UNCTAD/WTO. Cost: Free. Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland, Tel: (0941) 22 730 0218. Web Site: <http://www.intracen.org>. Contents: Contents include *Questions to Ask a Person Who Will Design Your Web Site and Tips on Setting up your web site*

# 14. What are the main web sites for trade information?

There are many useful Internet websites where Guyanese exporters can obtain trade information. The following list contains some of these websites grouped according to region

## **Local Sources:**

Guyana Investment Office (GO-INVEST)	<a href="http://www.goinvest.gov.gy">http://www.goinvest.gov.gy</a>
Ministry of Foreign Affairs	<a href="http://www.sdn.org.gy/minfor/">http://www.sdn.org.gy/minfor/</a>
Ministry of Foreign Trade and International Economic Co-operation	<a href="http://www.moftic.gov.gy">http://www.moftic.gov.gy</a>
Ministry of Tourism, Industry and Commerce	<a href="http://www.sdn.org.gy/mtti/">http://www.sdn.org.gy/mtti/</a>

## **Caribbean Sources**

CARICOM	<a href="http://www.caricom.org">http://www.caricom.org</a>
Caribbean Export Development Agency	<a href="http://www.carib-export.com">http://www.carib-export.com</a>
Jamaica Exporters' Association	<a href="http://www.exportjamaica.org">http://www.exportjamaica.org</a>
Barbados Chamber of Commerce and Industry	<a href="http://www.bdscham.com">http://www.bdscham.com</a>
TIDCO Trade Information	<a href="http://tradepoint.tidco.co.tt">http://tradepoint.tidco.co.tt</a>

## **Latin America**

LATCO	<a href="http://www.latco.org">http://www.latco.org</a>
Cuba Net	
Latin Trade Magazine	<a href="http://www.latintrade.com">http://www.latintrade.com</a>
Mexico Connect Business Forum	<a href="http://www.mexconnect.com">http://www.mexconnect.com</a>
Red Tips Network	<a href="http://www.redtips.org">http://www.redtips.org</a>
Mercosur	<a href="http://www.mercosur.org">http://www.mercosur.org</a>
Brazil	<a href="http://www.tradepartners.gov/brazil/contacts/">http://www.tradepartners.gov/brazil/contacts/</a>
	<a href="http://www.bacc-ga.com/brazil/index.php">http://www.bacc-ga.com/brazil/index.php</a>
	<a href="http://www.usatrade.gov/website/ccg.nsf">http://www.usatrade.gov/website/ccg.nsf</a>
	<a href="http://www.atn-rice.agr.ca/export/">http://www.atn-rice.agr.ca/export/</a>

## **North America**

Agriculture and Agri-Food Canada	<a href="http://www.agr.ca">http://www.agr.ca</a>
BellZinc Canada	<a href="http://www.idrc.ca">http://www.idrc.ca</a>
Bureau of Export Administration	<a href="http://www.bxa.doc.gov">http://www.bxa.doc.gov</a>
Canadian International Development Agency	<a href="http://www.acdi-cida.gc.ca">http://www.acdi-cida.gc.ca</a>
Department of Foreign Affairs and International Trade	<a href="http://www.dfait.maeci.gc.ca">http://www.dfait.maeci.gc.ca</a>
Export Institute USA	<a href="http://www.usarice.com">http://www.usarice.com</a>
Industry Canada	<a href="http://www.ic.gc.ca">http://www.ic.gc.ca</a>
Small Business Development Centers	<a href="http://www.sba.gov">http://www.sba.gov</a>
Statistics Canada	<a href="http://www.statcan.ca">http://www.statcan.ca</a>
Trade Resources	<a href="http://www.usitc.gov">http://www.usitc.gov</a>
US Department of Commerce	<a href="http://www.doc.gov">http://www.doc.gov</a>
US International Trade Commission	<a href="http://www.usitc.gov">http://www.usitc.gov</a>
USAID	<a href="http://www.info.usaid.gov/">http://www.info.usaid.gov/</a>

U.S. Chamber of Commerce	<a href="http://www.uschamber.org">http://www.uschamber.org</a>
U.S. Council for International Business	<a href="http://www.uscib.org">http://www.uscib.org</a>
U.S. Department of Agriculture	<a href="http://www.usda.gov">http://www.usda.gov</a>

### ***Europe***

European Chamber of International Business	<a href="http://www.ecib.com">http://www.ecib.com</a>
European Commission	<a href="http://www.europa.eu.int">http://www.europa.eu.int</a>
United Kingdom	<a href="http://www.brainstorm.co.uk">http://www.brainstorm.co.uk</a>

### ***Asia/Pacific***

Australian Export and Investment Facilitation Agency	<a href="http://www.austrade.gov.au/index.asp">http://www.austrade.gov.au/index.asp</a>
Taiwan Trade Opportunity	<a href="http://www.manufacturers.com.tw">http://www.manufacturers.com.tw</a>

### ***International Organisations***

Business Bulletin Board of Global Commerce	<a href="http://www.tradecentre.com">http://www.tradecentre.com</a>
Business Link	<a href="http://www.businesslink.co.uk">http://www.businesslink.co.uk</a>
Caribbean Tourism Organisation	<a href="http://www.caribtourism.com">http://www.caribtourism.com</a>
Embassies	<a href="http://www.embassy.org">http://www.embassy.org</a>
Free Trade Bulletin Board	<a href="http://www.forworld.com">http://www.forworld.com</a>
General Business Information	<a href="http://www.ebscohost.com">http://www.ebscohost.com</a>
International Bureau of Chambers of Commerce	<a href="http://www.icc-ibcc.org">http://www.icc-ibcc.org</a>
Global Network of Chambers of Commerce	<a href="http://www1.usa1.com/ibnet/chamshp.html">http://www1.usa1.com/ibnet/chamshp.html</a>
Global Trade Point Network	<a href="http://www.unic.org/unctad">http://www.unic.org/unctad</a>
Global Trade Centre	<a href="http://www.tradezone.com">http://www.tradezone.com</a>
Import Export Bulletin Board	<a href="http://www.iebb.com">http://www.iebb.com</a>
Inter-American Development Bank	<a href="http://www.iadb.org">http://www.iadb.org</a>
International Business Resources	<a href="http://www.ciber.bus.msu.edu/busres.htm">http://www.ciber.bus.msu.edu/busres.htm</a>
International Development Research Centre	<a href="http://www.idrc.ca">http://www.idrc.ca</a>
International Trade Administration	<a href="http://www.ita.doc.gov">http://www.ita.doc.gov</a>
International Trade Centre	<a href="http://www.itracen.org">http://www.itracen.org</a>
International Trade Centre UNCTAD/WTO	<a href="http://www.unicc.org/itc/welcome.html">http://www.unicc.org/itc/welcome.html</a>
International Trade Law	<a href="http://itl.irv.uit.no/trade_law">http://itl.irv.uit.no/trade_law</a>
Journal of Commerce	<a href="http://www.joc.com">http://www.joc.com</a>
Organisation for Economic Co-operation And Development	<a href="http://www.oecd.org">http://www.oecd.org</a>
UN Economic Commission for Latin American and the Caribbean (ECLAC)	<a href="http://www.eclac.cl/index1.html">http://www.eclac.cl/index1.html</a>
United Nations	<a href="http://www.un.org">http://www.un.org</a>
World Bank Databases	<a href="http://www.worldbank.org">http://www.worldbank.org</a>
World Trade Organisation	<a href="http://www.wto.org">http://www.wto.org</a>
World Wide Web Virtual Directory	<a href="http://www.vlib.org">http://www.vlib.org</a>
World Directory of Trade Information	<a href="http://www.intracen.org">http://www.intracen.org</a>
World Fact Book	<a href="http://www.odci.gov/cia/publications/factbook/">http://www.odci.gov/cia/publications/factbook/</a>

***Regional Blocs***

Association of Caribbean States (ACS)	<a href="http://www.acs-aec.org">http://www.acs-aec.org</a>
North American Free Trade Area (NAFTA)	<a href="http://www.nafta-sec-alena.org">http://www.nafta-sec-alena.org</a>
Organisation of American States (OAS)	<a href="http://www.oas.org">http://www.oas.org</a>

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**RESOURCES**

Trade Information Centre, 1401 Constitution Avenue, NW, Department of Commerce, Ronald Reagan Building, R-TIC Stop, Washington, D.C. 20230, USA. URL:<http://www.tradeinfo.doc.gov/tic.nsf>. Provides information on internet-based and other trade leads around the world by geographic region and industry.



**Appendix 2****GUYANA'S DIPLOMATIC & CONSULAR REPRESENTATIVES**

**GUYANA EMBASSY - BELGIUM** Dr. Kenneth  
King, Ambassador  
Extraordinary and Plenipotentiary  
12 Avenue du Bresil  
1050 Brussels  
Tel: 32-2-675- 6312; 32-2-675-6216;  
32-2-732-2021  
Fax: 32-2-672-5598  
Email :[embassy.guyana@skynet.be](mailto:embassy.guyana@skynet.be)

**GUYANA EMBASSY – BRAZIL**  
Mrs. Cheryl Miles CCH, Ambassador  
Extraordinary and Plenipotentiary  
SAS Quadra 2, Bloco "J"  
Ed Paulo Mauricio  
13 Andar, Salas 1310-1315  
CEP 70438-900  
Brasilia D.F. Brazil  
Tel: 5561-224-9229; 5561-224-9725  
Fax: 5561-226-3022

**GUYANA HIGH COMMISSION - OTTAWA, CANADA**

Mr. Rajnarine Singh, High  
Commissioner  
151 Slater Street  
Suite 309  
Ottawa K1P 5H3  
Canada  
Tel: 613-235-7249; 613-235-7240  
Fax: 613-235-1447  
Email: [guyanahcott@travel-net.com](mailto:guyanahcott@travel-net.com)

**GUYANA CONSULATE GENERAL – TORONTO, CANADA**

Mr Danny Doobay, Honorary Consul General  
505 Consumer's Road - Suite 206  
Willowdale, Ontario  
Canada - M2J 4X8  
Tel: 416-494-6404; 416-494-6059  
Fax: 416-494-1530  
Email:[guyana@guyanaconsulate.com](mailto:guyana@guyanaconsulate.com)

**GUYANA EMBASSY - BEIJING, PEOPLE'S REPUBLIC OF CHINA**  
Mr Cecil Pollydore, Charge d'Affaires  
No. Xiu Shui DongJie  
Jaing Guo Men Wai  
Beijing  
People's Republic of China  
Tel: 861-532-1601; 861-532-2066  
Fax: 861-532-5741

**GUYANA EMBASSY - HAVANA, CUBA**

Dr. Timothy Critchlow, Ambassador  
Calle 17, No. 506  
Entre Avenidas 5ta y 7ma  
Miramar  
Havana - Republic of Cuba  
Tel: 537-33-1249  
Fax: 537-33-2867

**GUYANA EMBASSY - PARAMARIBO, SURINAME**

His Excellency Mr Karshanje Arjun,  
Ambassador  
Gravenstraat No. 82  
P.O. Box 785  
Paramaribo - Republic of Suriname  
Tel: 597-477-895; 597-472-509  
Fax: 597-472-679

**GUYANA HIGH COMMISSION – LONDON, UNITED KINGDOM**

His Excellency Mr. Laleshwar Singh  
CH, High Commissioner  
3 Palace Court  
Bayswater Court  
London W2 4LP - United Kingdom  
Tel: 44-171-792-1178; 44-171-229-7684; 44-171-  
727-2633  
Fax: 44-171-727-9809  
Email: [GuyHiCom@compuserve.com](mailto:GuyHiCom@compuserve.com)

**GUYANA EMBASSY - WASHINGTON, D.C., UNITED STATES OF AMERICA**

His Excellency Dr. Odeen Ishmael  
CH, Ambassador Extraordinary & Plenipotentiary  
2490 Tracy Place N.W  
Washington, D.C. 20008  
USA  
Tel: 202-265-6900/1; 202-265-3834  
Fax: 202-232-1297  
Email: [GuyanaEmbassy@hotmail.com](mailto:GuyanaEmbassy@hotmail.com)

**GUYANA PERMANENT MISSION TO THE UNITED NATIONS**

Mr. George Talbot  
Charge d'Affair a.i.  
866 UN Plaza  
Suite 505  
New York, N.Y. 10017  
Tel: 212-527-3232/ 3233/ 3245/ 3236  
Fax: 212-935-7548  
Email: [guyun@UN.int](mailto:guyun@UN.int)

**GUYANA PERMANENT MISSION TO THE ORGANIZATION OF AMERICAN STATES**

His Excellency Dr. Odeen Ishmael CCH,  
Ambassador, Permanent Representative  
2490 Tracy Place N.W  
Washington, D.C. 20008  
USA

Tel: 202-265-6900/1; 202-265-3834

Fax: 202-232-1297

Email: [GuyanaEmbassy@hotmail.com](mailto:GuyanaEmbassy@hotmail.com)

**GUYANA CONSULATE GENERAL - NEW YORK, USA**

Mr Brentnold F.R. Evans - Consul General  
866 UN Plaza  
3rd Floor  
New York, N.Y. 10017  
Tel: 212-527-3215/ 3216 /3230  
Fax: 212-527-3229

**CONSULATE OF GUYANA - CALIFORNIA, USA**

Mr. Joseph G. D'Oliveira, A.A.,  
Honorary Consul  
222 West Florence Avenue  
Inglewood, CA 90301  
Tel: 310-320-3370  
Fax: 310-320-3370  
E-mail: [jdoliveira@acninc.net](mailto:jdoliveira@acninc.net)

**CONSULATE OF GUYANA – FLORIDA, USA**

Mr Hilton G. Ramcharitar, Honorary Consul  
1837 S. State Road 7  
Ft. Lauderdale, Florida 33317  
USA  
Tel: 954-797-6844  
Fax: 954-797-7603

**CONSULATE OF GUYANA - TEXAS , USA**

Ms Terry Reis , Honorary Consul  
1810 Woodland Park Drive  
Houston  
Texas 77077  
USA  
Tel: 713-497-4466  
Fax: 713-497-4476

**CONSULATE OF GUYANA – OHIO, USA**

(To be appointed)  
5288 Hamilton Road  
Medina, Ohio 44256  
USA  
Tel: 330-723-0801  
Fax: 330-723-3857  
Email:

**GUYANA EMBASSY - CARACAS, VENEZUELA**

His Excellency Mr. Bayney Karran , Ambassador  
Extraordinary & Plenipotentiary  
Quinta Roraima  
Avenida El Paseo

Prados del Este

Caracas

Tel: 58-2-978-2781; 58-2-977-1158

Fax: 58-2-976-3765

**CONSULATE OF GUYANA, ANTIGUA**

Mr Basil Stuart (DESIGNATE),  
Honorary Consul  
P.O. Box 2416  
St John's – Antigua  
Tel: 268-462-9357  
Fax: 268-462-6490  
Email: [IES@CANDW.AG](mailto:IES@CANDW.AG)

**CONSULATE OF GUYANA – BARBADOS**

Mr. Norman Faria , Honorary Consul  
Straker Road  
Black Rock  
St. Michael – Barbados  
Tel: 246-429-6530; 246-427-5606  
Fax: 246-436-1904

**CONSULATE OF GUYANA – BELIZE**

Mr. Lutchman Sooknandan, Honorary Consul  
9 Newtown Barracks  
Belize City – Belize  
Tel: 501-32469

**CONSULATE OF GUYANA – BOTSWANA**

Mr. Terrence Howard Pariaug, Honorary Consul  
P.O Box 1478  
Gaborone – Botswana  
Tel: 267-31-2655  
Fax: 267-37-4037

**CONSULATE OF GUYANA – CYPRUS**

Mr. George Economides , Honorary Consul  
Skyline Limited  
Economics 7 Research Bureau  
Marabella Court (Office 301)  
Nicosia TT 139  
Cyprus  
Tel: 357-475-444  
Fax: 357-366-718

**CONSULATE OF GUYANA- DOMINICA**

(To be appointed), Honorary Consul  
Rosseau  
Commonwealth of Dominica  
Tel: 809-453-6933  
Fax: 809-448-3471

**CONSULATE OF GUYANA - DOMINICAN REPUBLIC**

Mr. Dario Lama, Honorary Consul  
Ave. J.F. Kennedy  
Edif. Bonanza  
Santo Domingo  
Tel: 809-565-5531  
Fax: 809-566-1087

**CONSULATE OF GUYANA – GRENADA**

Mr Deodat Singh, Honorary Consul  
Mt Parnassus  
St. George's – Grenada  
Tel: 809-440-2031  
Fax: 809-440-4129

**CONSULATE OF GUYANA – GREECE**

Mr. Nabil E. Bahu, Honorary Consul  
206 Syrgrou Avenue  
Kallithea-Athens  
Greece –17672  
Mail: P.O. Box 75208-Kallithea, GR 17610  
Tel: 301 9585064  
Fax: 301 9585149  
Email: [trader@hol.gr](mailto:trader@hol.gr)

**CONSULATE OF GUYANA – JAMAICA**

Ms. Indera Persaud, Honorary Consul  
66 Slipe Road  
Kingston – Jamaica  
Tel: 876-927-1621/9; 876-968-5983  
Fax: 876-929-4028

**CONSULATE OF GUYANA – JAPAN**

Mr Tasuku Hasemura, A.A., Honorary Consul  
Nissho Iwai Building  
4-5 Akasaka 2 Chome  
Ninato – KU  
Tokyo 107  
Japan  
Tel: 81-3-3406-3363  
Fax: 81-3-3406-5575

**CONSULATE OF GUYANA - HASHEMITE  
KINGDOM OF JORDAN**

Mr. Rudain Tawfiq Kawar, Honorary Consul  
24 Sharif  
Abdul Hamid Sharaf Street  
Shmeisan-Amman  
Mail: P.O. Box 222-Amman, 11118 Jordan  
Tel: 9626 5603703 – 15  
9626 5688424 (Direct)  
9626 5699511 (Residence)  
Fax: 9626 5604664  
Email: [rudain@nets-com.jo](mailto:rudain@nets-com.jo)

**CONSULATE OF GUYANA – KOREA**

Ms. Seon Ryun Shin, Honorary Consul  
104 Dong Byucksan Apts.  
11102 Hongoeun-Dong  
Seodaemoon-Kv  
Korea

**CONSULATE OF GUYANA - LEBANON  
(BEIRUT)**

Mr George Matta, Honorary Consul  
Selim Bustros Str.  
El Dar Building  
Achrafteh  
Beirut – Lebanon  
Tel: 961-1-202-220; 961-3-614-021  
Fax: 961-1-338-556

**CONSULATE OF GUYANA – PAKISTAN**

Mr Abdul Kader Ahmed, Honorary Consul  
Ebrahim Buildings  
West Wharf Buildings  
West Wharf Road  
P.O Box 6062  
Pakistan  
Tel: 92-231-2255; 92-53-3265  
Fax: 92-231-0205; 92-231-0406

**CONSULATE OF GUYANA - SAINT LUCIA**

Mr. Lokesh Singh, Honorary Consul  
P.O. Box 2003  
Gros Islet  
Saint Lucia  
West Indies  
Tel: 758-452-3188  
Fax: 758-451-7029

**CONSULATE OF GUYANA - SOUTH AFRICA**

Mr. Leyland R. Hazlewood, Honorary Consul  
P.O. Box 1877  
Randburg 2125  
South Africa  
Tel: 2711-789-9760  
Fax: 2711-789-9763

**CONSULATE OF GUYANA - TRINIDAD &  
TOBAGO**

Mr Ernie Ross (DESIGNATE), Honorary Consul  
16 Grey Street  
St Clair  
Port-of-Spain  
Trinidad & Tobago  
Tel: 868-622-1967  
Fax: 868-622-1779

**GREECE & MIDDLE EAST**

Mr. George Hallaq, Honorary Envoy  
206 Syngrou Avenue, 2nd Floor  
Athens, Greece 176-10  
Tel: 301-813-73-20/1  
Fax: 301-813-73-22

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**RESOURCES**

For additional information on the Ministry of Foreign Affairs, see  
[http://www.guyana.org/govt/foreign\\_missions.html](http://www.guyana.org/govt/foreign_missions.html) or <http://www.sdn.org.gy/minfor/>

# 3

## How Do I Export?

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### FUNDAMENTAL QUESTIONS

15. What is involved in a typical export process?
16. What documents are needed before I can export?
17. What are some of the major obstacles to my exporting?
18. How can I ensure that my shipping documents are correctly completed?
19. Who can assist me to complete my export documentation?
20. Do I need to have my business registered?

### *Appendices*

*3(a) Air freight Companies in Guyana*

*3(b) Shipping Companies in Guyana*

## 15. **W**hat is involved in a typical export process?

While there is no blueprint for exporting, as the specifics will vary from country to country, firm to firm, and product/service to product/service, there are certain basic principles that should be observed irrespective of the type of business.

### ***Review Domestic Performance***

- Export markets often demand high standards. Before any consideration is made to export, therefore, the business should first review its performance in the domestic market. This is a useful gauge as to how your business may perform in foreign markets.

### ***The Decision to Export***

- Before making the decision to export, the businessperson should be able to ascertain that exporting will be advantageous to the business, based on the company's objectives. Once the decision has been made, dogged pursuit to enter the foreign market(s) must be undertaken if the firm is to overcome the challenges posed by foreign markets, and reap the benefits to be derived from successful market penetration.

### ***Preparing to Enter the Export Market***

- It is imperative that the potential exporter formulates an export plan that details the firm's capacity, its potential for expansion, target markets, demand potential, product/service characteristics, export price, distribution channels, promotional campaigns, financial capabilities, and potential risks. These can form the basis of a checklist for the potential exporter.

### ***Where and What to Export***

- Since most Guyanese firms are relatively small, it may be difficult for them to compete in established market places. While niche and 'nostalgic' markets offer potential avenues, these do not absolve potential exporters from assessing their products' strengths and weaknesses, and from exploring areas where market penetration may be feasible.

### ***The Exporting Process***

- Having made the decision to export, it is useful to conduct a basic market analysis on your target market(s), identifying your product/service potential market share, what segments are currently neglected, and what niches presently exist. Additionally, you should consider target market licensing, certification and other stipulations, the exporting procedures that obtain in Guyana, as well as tariff and non-tariff trade barriers. Lastly, you should determine your product's price and establish a transaction contract.

### ***Know the Export Market***

- Most markets have their own peculiarities. The best way of getting to know the export market is through having personal contact, that is, visits. However, since many markets may be in distant places, the use of the Internet, consulting with diplomatic missions and agencies that assist exporters, and discussions with fellow exporters can be useful, if not ideal,

mechanisms. It is also essential to promote your products/services in the foreign markets, and establish selling mediums, distributional channels and consumer preferences.

### **Export Readiness**

- Vital ingredients for successful export marketing are a sound business and exporting plan, dedication, enthusiasm and loads of luck! Given the daunting task often faced by small producers to export, filling out of export documentation in accordance with stipulated requirements, agencies such as GO-INVEST and NGMC are there to assist potential exporters meet these challenges.

### **Tips for Export Success**

- ✓ Target the most promising markets: Successful companies concentrate on one foreign market at a time, moving on to the next only after you have totally explored the previous one.
- ✓ Learn from others: Talk to other exporters that have succeeded in your target market. Contact your industry association to find names of successful exporting companies in your sector and target market.
- ✓ Plan for the financial resources you will need: Exploring foreign markets can take longer and cost more than expected. Be prepared for additional costs for market research, product launching and personal visits.
- ✓ Expand productive capacity to meet demand: Be prepared to meet increasing demand from a successful foreign sale. Be prepared to adapt your product/service to the needs and tastes of your target market.
- ✓ Make personal visits: Building business relations in foreign markets is best done face to face. Faxes, phone calls and emails are great for follow up, but nothing beats meeting in person.
- ✓ Study the market and the culture: Business people and customers in most foreign markets appreciate your efforts to learn about their culture.
- ✓ Set realistic expectations: Developing foreign markets is a long-term commitment. It takes time, effort and resources. Make sure you (and your team) are committed to the export venture. Be prepared for the long haul.

The drive to export is often based upon the objectives of the business. While learning the phases of the export cycle can assist you to plan in a coherent manner to export, this must be complemented by the businessperson's desire, knowledge and ability to export.

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## **RESOURCES**

*Guide to Exporting from Guyana.* Published by: The Guyana Private Sector Commission (PSC), Cost G\$3,000 obtainable from the PSC 157 Waterloo Street, North Cummingsburg, Georgetown. Tel: (592)-225-0977, Fax: (592)-225-0978 Email: [pscentre@guyana.net.gy](mailto:pscentre@guyana.net.gy) Contents include: *Export procedures, incentive schemes, packaging, financing and insurance, and costing and pricing.*

*A Step by Step Guide to Exporting.* Published by Team Canada Inc. Cost: free. Downloadable at website [http://exportsource.gc.ca/heading\\_e.cfm?HDG\\_ID=2](http://exportsource.gc.ca/heading_e.cfm?HDG_ID=2) Contents include: *Tips for export success, identifying products or services with export potential, and your own export-ability.*

## 16. **W**hat documents are needed before I can export?

Being well acquainted with the procedures and the accompanying documentation required to successfully facilitate the export of goods from Guyana can avoid misunderstandings and costly delays.

### **Export License**

Export licenses are generally not required. A license is needed only for some products. These products are listed in “**List A**”. For most of the items, an export license can be obtained from the Licensing Division of the Ministry of Tourism, Industry and Commerce (MTIC), after approval has been granted by the responsible line agency. Furthermore, seafood and wildlife export licenses are obtainable from the Ministry of Fisheries, Crops and Livestock; and Office of the President respectively.

#### **“List A” – Products Requiring an Export License\***

Poultry Feed  
 Rice bran  
 Rice Chips, rice dust, rice stockfeed, wheat and flour wheat bran  
 Beet sugar and cane sugar in solid form [Guyana Sugar Corporation]  
 Fertilisers [Ministry of Agriculture]  
 Hides and skins [National Abattoir]  
 Feathers and other articles of feather [Ministry of Fisheries, Other Crops and Livestock]  
 Diamonds, other than industrial diamonds [Guyana Geology and Mines Commission (GGMC)]  
 Gold [Guyana Gold Board (GGB)]  
 Wildlife [Office of the President]  
 Vehicles  
 Aircraft and spares  
 Machinery (irrespective of size and purpose)  
 Ships and ship parts  
 Seafood [Ministry of Fisheries, Crops and Livestock]  
 Jewellery of precious metal or rolled precious metal  
 Copper wire  
 Copper waste and scraps  
 Arms and ammunitions [Ministry of Home Affairs]  
 All metals

*\* Agencies in squared brackets are those from which approval must be first obtained*

### **The Export Sales Contract**

An export sales contract initiates the process of exporting. This contract, which is an agreement reached between the exporter and the foreign importer, should include:

- Name and address of the exporter
- Name and address of the foreign importer
- Items of goods required
- Quantity of goods required
- Price of goods
- Shipping date(s)
- Mode of payment
- Place of delivery

In the absence of an export sales contract, the commercial invoice can be used as confirmation of the terms of the agreement reached between the foreign importer and the exporter.

### ***Commercial Invoice***

This document gives information on the customs duty that will be assessed. The quantity of goods is to be clearly set out and the cost of the goods shown separately from the cost of transport and insurance. Based on the sales contract or the understanding reached, the exporter prepares and dispatches the commercial invoice to the buyer. Its contents should include:

- Name and address of exporter
- Name and address of foreign importer
- Description of the goods
- Quantity of goods
- Value of goods
- Terms of delivery
- Terms of payment
- Shipping details
- Approximate time and place of delivery

### ***Customs Procedure***

All countries require exporters to complete a Customs Declaration Form to clear goods through customs in their own country. This document is collected at the port of export and used mainly for compiling statistics on the volume and value of a country's merchandise exports. Within Guyana, all exporters must be registered with the Customs and Trade Administration (CTA) of the Guyana Revenue Authority and obtain their individual unique registration number. Registrations are completed every Tuesday and Thursday during normal working hours. One stipulation for registration is that exporters are also required to submit to the CTA the following:

- Documents of incorporation along with valid identification
- Specimen signatures of authorized signatories

The "Customs Declaration Form C72, known also as the Single Administrative Declaration (SAD) Form provides for all aspects of the export shipment and is available from:

- Customs and Trade Administration  
Main Street Georgetown  
Guyana
- The Guyana National Printers  
1 Public Road  
La Penitence  
Ruimveldt  
Greater Georgetown
- CCS Copy Centre (Guyana) Ltd  
231 Camp Street  
North Cummingsburg  
Georgetown
- Guyana Stores Limited  
19 Water Street  
South Cummingsburg  
Georgetown



- Any Customs Broker

### ***Certificate of Value***

This document is signed by the exporting business certifying that the values shown in the invoice contain a true and full statement of the price paid for the goods and that there is no other understanding between the exporter and the foreign importer about the purchase price.

### ***Export Permit/Certificates***

Within Guyana some products for export require permits or certificates from the responsible Ministry or Government Department. The products requiring permits/certificates are:

- *Animals:* When exporting animals from Guyana the CTA requires a valid health certificate. This certificate is valid for five (5) working days and is issued by the Animal Services Division of the Ministry of Agriculture.
- *Timber:* The CTA requires businesses wishing to export timber from Guyana to provide them with a certificate issued by the Guyana Forestry Commission (GFC). Other requirements to export timber into certain foreign markets are:
  - ✓ phytosanitary certificate,
  - ✓ payment of a 2% export commission tax on FOB value to GFC, if exporting outside CARICOM, and
  - ✓ acquiring certification or “Green Certificates” as evidence that the timber was harvested following sustainable yield management practice.

Export certificates are obtainable from the GFC, while reputable international certifiers, at a cost to the exporter, carry out the issuance of “green certificates”. This certificate certifies the operations and is *NOT* required for each shipment made. Phytosanitary certificates are obtainable from the Ministry of Agriculture (MoA).

### ***Certificate of Inspection***

Some customers demand a certificate of inspection to ensure that the goods purchased meet certain stipulated standards. This inspection is performed by an independent third party, and arrangements must be made beforehand with the customer regarding who is to carry out such an inspection and how the costs will be defrayed.

### ***Airway Bill***

The Airway Bill is an internationally standardized document. Once goods are being air-freighted, the exporter is required to prepare an air consignment note to the airline. This note gives details of the cargo, customer’s name and address and the type of service the exporter requires, such as the Code of Delivery (COD) or special insurance arrangements. The Airway Bill is prepared by the airline on the basis of the information provided and only becomes valid when signed by both the shipper and the airline representative.

**Bill of Lading**

The Bill of Lading is obtained from shipping companies and is prepared by the exporter. It serves as a document proving ownership of the goods, and as evidence of a contract with the shipping company to carry the goods from the exporter's port of exit to the port of destination.

**Consular Invoice**

Consular invoices are required by certain countries and can be purchased from the Consular Office of the importing country. These invoices require a detailed description of the goods and are filed in the language of the importing country. The Consul must legitimize these documents that are often accompanied by other supporting documents at the time of validation.

**Certificates of Origin**

Certificates of origin are signed statements required by many countries to establish the origin of the export item. The main purpose of these documents is to monitor tariffs and quotas and the right of the product to preferential duties to which it may be entitled. The CARICOM Schedule Declaration documents are certified at the Licensing Division of the Ministry of Tourism, Industry and Commerce (MTIC) confirming that the goods are locally manufactured.

Generalised System of Trade Preferences (GSP), and European Union 1 (EUR 1) are forms required for specific locally made products and are signed by the CTA of the GRA. These are available from authorized stationery stores (see Section 16).

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**RESOURCES**

*Guide to Exporting from Guyana.* Published by: The Guyana Private Sector Commission (PSC), Cost G\$3,000 obtainable from the PSC 157 Waterloo Street, North Cummingsburg, Georgetown. Tel: (592)-225-0977, Fax: (592)-225-0978 Email: [pscentre@guyana.net.gy](mailto:pscentre@guyana.net.gy) Contents include: *Export procedures, incentive schemes, packaging, financing and insurance, and costing and pricing.*

*Trade Secrets: The Export Answer Book for Small and Medium-Sized Exporters in Trinidad and Tobago.* Published by the Tourism and Industrial Development Company of Trinidad and Tobago (TIDCO). Cost: TT\$150. Contents include: *The decision to export, How to export, and Where to export.*

## 17. What are some of the major obstacles to my exporting?

Being a successful export business often necessitates overcoming certain man-made and unforeseen contingencies

- The geographical location of your business may often mean that your product is at a competitive disadvantage.
- A cumbersome and complex tax system can be a major impediment for many small, exporters. Additionally, if it takes CTA a relatively long time to process your documents this may be a further source of concern as goods may be perishable or have to be at their port of call at a specified time.
- The absence of various decentralized functions, compounded by you having to visit various offices to complete the export documentation, may result in the process being time consuming and costly.
- Foreign markets demand internationally acceptable standards. Awareness and ability to meet quality standards, or prove compliance to technical specifications of buyers, and ensuring reliability of supplies may be constraints in the absence of testing facilities, or accredited agencies.
- Inadequate infrastructure, such as the transportation and communication networks in Guyana, the importing country, and the region, and the lack of adequate storage facilities can affect the delivery time of your product, and also its quality.
- Incomplete documentation, either by yourself or your broker, may result in delays causing your product to reach the intended port of entry behind schedule.
- Attitudes and the culture of the work force at the ports, both exit and entry, can affect the time in which your goods are delivered to their intended destination.
- There are factors over which neither you nor your agent may have any control, such as weather patterns or labor unrest at the ports, that can affect the time in which your product(s) are delivered.

While there is little one can do to combat the unforeseen factors, being meticulous and conducting proper market research can help in reducing the man-made impediments

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### RESOURCES

*SME Sector Assistance Program and Action Plan, GEO Technical Report, No. 33.* By Dreiman (2001) Published by GEO Project Office, 12 Earl's Avenue, Subryanville. Cost: Free of charge Tel: (592)-223-7144, Fax: (592)-223-7143 Email: [geo@chemonics.net](mailto:geo@chemonics.net) or [goinvest@sdpn.org.gy](mailto:goinvest@sdpn.org.gy) Contents include: *Problems faced by Guyanese SMEs and What is needed if they are to source niche markets*

## 18. How can I ensure that my shipping documents are correctly completed?

Arranging to move your goods require expertise and practical experience. The surest way to ensure your shipping documents are correctly completed is to employ a freight forwarder who can handle transportation, insurance, official documentation, customs clearance and comparative quotes for export products.

From Guyana, the movement of goods is usually done either by air or sea freight. The decision on which of these is selected is often occasioned by perishability considerations, reliability, space on the carrier, cost, and urgency. The standard shipping/air transport form can be obtained from carriers, their agents, or forwarding companies. The steps in filling out this form are:

- List the importer's name and address in the document. If the importer uses a handling agent for the importation of the goods, then that agent's name and address are shown in the document. Failure to do so can result in delays in clearing the consignment.
- Describe the cargo being transported, for example, dehydrated fish or leather craft.
- Agree with the carrier on the collection and delivery points and the freight and other charges. Make sure that the document correctly reflects the journey involved. Failing to do so may result in an incorrect freight charge being applied.
- Identify the date and port of discharge.
- Describe the type of shipment, for example, full container load (FCL), less than container load (LCL) or break bulk cargo (BBK). If FCL, ensure the container is sealed and the number of the seal is correctly noted on the document. If the consignment is LCL, it may be shipped in a container together with other goods and the shipping company will be responsible for sealing the container.
- State the correct gross weight of the consignment. Incorrect weight may result in the wrong freight charge being applied.
- Correctly calculate and specify the volume of the consignment. Depending on the relationship between the weight and volume of a consignment, different freight rates may be charged. It is therefore important to give the carrier accurate information. If it is inaccurately calculated, extra costs may be incurred and stowage problems may arise.
- Find out the tariff number that is applicable in the importer's country and ensure this is shown on the document.
- Specify the FOB value as this value may be used by the carrier to determine freight rates (in the case of valuable cargoes) or by customs at the destination to determine duty.
- If payment is by letter of credit, this will specify in detail the documents required before payment can be made. If the bill of lading is one of the documents involved in the transaction, it is essential that the number of originals and copies be specified. If you do not state the correct documents, it is impossible for those concerned to check the paper work.
- Ensure that it is clear who is responsible for the various charges involved in moving the goods. Enter the information on arrangements agreed with the importer to avoid problems later on.

### ***Steps in Shipping/Air Freight Goods Out of Guyana***

- Contact shipping agent or forwarding company and get them to book shipping space in advance.
- Obtain packing stipulations (these may vary among markets).
- Pack goods in the stipulated containers and enclose packing list in the respective containers. This list describes the contents of the containers and enables the foreign importer to cross-check the items received against those on the list.

- Label clearly on the sides of the container the storage, delivery, and expiry dates.
- Issue precise shipping instructions on how the cargo is to be handled through the ports and shipped to the clearing/forwarding agent.
- Prepare documentation for customs clearance taking into account the route through which the goods will be shipped.
- Get customs clearance and arrange collection of cargo for dispatch to importer through the port of shipment.
- After shipment, obtain bill of lading/airway bill from carrier and send it together with certificate of origin, packing list, etc., to importer to facilitate smooth clearance of goods at the point of destination.

Routing, costs, delivery terms etc., are complex issues that should be dealt with by your agent, or skilled staff. Over time your familiarity with the process may mean that you can handle this aspect of the operations yourself, but initially, you should leave this to the experts.

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## RESOURCES

Useful sources of assistance are GO-INVEST of 190 Camp and Church Streets, Georgetown, Guyana, Tel: 592-225-0658/0653, 227-0653, Fax: 592-225-0655 web site: <http://www.goinvest.gov.gy>, The NGMC has its main office at 87 Robb and Alexander Street, Lacytown, Georgetown, and can be contacted on Tel: 592-227-1630 / 226-8255 , Fax: 592-227-4114, Website: <http://www.agrinetguyana.org.gy/ngmc/> and the Ministry of Tourism, Industry and Commerce.

# 19. Who can assist me to complete my export documentation?

There are a number of governmental agencies and customs brokers who can assist you in completing your export documentation

Document	Institution
Export License	<ul style="list-style-type: none"> <li>Licensing Division of the Ministry of Tourism, Industry and Commerce, 229 South Road, Georgetown, Tel: 592-227-2718</li> <li>Ministry of Fisheries, Crops and Livestock (seafoods), Regent and New Garden Streets, Georgetown, Tel: 592-223-7844</li> </ul>
Export Permit/Certificate	<ul style="list-style-type: none"> <li>Office of the President, Vlissengen Road, Bourda, Georgetown, Tel: 592-225-1330</li> <li>Ministry of Fisheries, Crops and Livestock (Animals), Regent and New Garden Streets, Georgetown, Tel: 592-223-7844</li> </ul>
Commercial Invoice	<ul style="list-style-type: none"> <li>Guyana Forestry Commission (Timber), Kingston, Georgetown, Tel: 592-226-7271-4</li> </ul>
Customs Entry Form	<ul style="list-style-type: none"> <li>Completed by your broker or agent</li> </ul>
Certificate of Origin	<ul style="list-style-type: none"> <li>Customs and Trade Administration, Guyana Revenue Authority, Main Street, Georgetown, Tel: 592-225-6931-7</li> <li>Licensed Customs Broker</li> <li>Port of export</li> </ul>
Certificate of Inspection	<ul style="list-style-type: none"> <li>Customs and Trade Administration, Guyana Revenue Authority, Main Street, Georgetown, Tel: 592-225-6931-7</li> </ul>
Packing List	<ul style="list-style-type: none"> <li>Any firm or individual that are certified inspectors</li> </ul>
Shipping/Airway Bill	<ul style="list-style-type: none"> <li>Customs and Trade Administration, Guyana Revenue Authority, Main Street, Georgetown, Tel: 592-225-6931-7</li> </ul>
Bill of Lading	<ul style="list-style-type: none"> <li>Shipping or airline company shipping your products</li> </ul>
Customs Declaration and Inspection	<ul style="list-style-type: none"> <li>Shipping companies and freight forwarders handling your consignment</li> <li>Customs and Trade Administration, Guyana Revenue Authority, Main Street, Georgetown, Tel: 592-225-6931-7</li> </ul>

## RESOURCES

Useful sources of assistance are the GO-INVEST of 190 Camp and Church Streets, Georgetown, Guyana, Tel: 592-225-0653, Fax: 592-225-0655, web site Useful sources of assistance are the GO-INVEST of 190 Camp and Church Streets, Georgetown, Guyana, Tel: 592-225-0658/0653, 227-0653, Fax: 592-225-0655 web site: <http://www.goinvest.gov.gy> The NGMC has its main office at 87 Robb and Alexander Street, Lacytown, and can be contacted on Tel: 592-227-1630 / 226-8255 (Georgetown), Fax: 592-227-4114, Website: <http://www.agrinetguyana.org.gy/ngmc/> and the Ministry of Tourism, Industry and Commerce (FIND OUT INFOR ON THIS) and the Customs and Trade Administration of the Guyana Revenue Authority, Main Street, Georgetown, Guyana, Tel: 592-225-6931-7

## 20. Do I need to have my business registered?

A firm must be registered in Guyana to obtain an export license

There are different procedures involved (in obtaining an export license), depending on the product that you wish to export. The procedures are:

- Obtain an application from the Ministry of Tourism, Industry and Commerce or designated stationery stores (see Section 16).
- Obtain quality certificate [also known as Hazards Analysis Critical Control Point (HACCP)] from the appropriate agency if exporting to the USA, Canada or the EU, or exporting specific types of products, for example, The Government Food and Drugs Department of the Ministry of Health for seafood, and the Environmental Protection Agency for ornamental fishes.
- A plant license from the Government Food and Drug Analyst Department if you are exporting processed food.
- Submit completed forms to the appropriate government agency for endorsement, i.e., to the Guyana Gold Board for gold and semi-precious stones, Office of the President for wildlife trade, etc., (see Section 16).
- Submit endorsed form to the Ministry of Tourism, Industry and Commerce to obtain export license

Familiarizing yourself with the procedures required for the exportation of various products can reduce time lost and lead to more successful exporting.

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### RESOURCES

Useful sources of assistance are the GO-INVEST of 190 Camp and Church Streets, Georgetown, Guyana, Tel: 592-225-0658/0653, 227-0653, Fax: 592-225-0655 web site: <http://www.goinvest.gov.gy>, The NGMC has its main office at 87 Robb and Alexander Street, Lacytown, Georgetown, and can be contacted on Tel: 592-227-1630 / 226-8255, Fax: 592-227-4114, Website: <http://www.agrinetguyana.org.gy/ngmc/> and the Ministry of Tourism, Industry and Commerce, The Ministry of Agriculture, Regent and New Garden Streets, Georgetown, Guyana, Tel: 592-225-3854 and the Environmental Protection Agency, IAST Building, Turkeyen Campus, Greater Georgetown, Guyana Tel: 592-222-2277

**Appendix 3(a)*****Airfreight Companies in Guyana***

Amerijet International  
Cheddi Jagan International Airport  
Timehri  
Tel: 592-61-2271  
Fax: 592-61-2272  
<http://www.amerijet.com>

BWIA International Airways  
63 Robb Street  
Robbstown  
Georgetown  
Tel: 592-225-2942  
Fax: 592-227-3052  
Website: <http://www.bwee.com>

Laparkan Freight Division  
2-9 Lombard Street  
Georgetown  
Tel: 592-226-1095-7  
Fax: 592-227-6808

North American Airlines  
126 Carmichael Street  
South Cummingsburg  
Georgetown  
Tel: 592-227-5805/5838  
Fax: 592-227-4164

Universal Airlines  
65 Main Street  
Georgetown  
Tel: 592-226-9262-4  
Fax: 592-225-1812  
Email: [universalairlines@futurenetgy.com](mailto:universalairlines@futurenetgy.com)

LIAT Airlines  
C/o BWIA Desk  
63 Robb Street  
Robbstown  
Georgetown  
Tel: 592-225-2942  
Fax: 592-227-3052  
Website: <http://www.bwee.com>

Caribbean Star  
5 Robb Street and Avenue of the Republic  
Robbstown  
Georgetown  
Tel: 592-227-6770



**Appendix 3(b)*****Shipping Companies in Guyana***

A. Mazaharally & Sons Ltd  
22 Wight's Lane  
Kingston  
Tel: 592-225-8830/2173  
Fax: 592-226-6046

Anral Shipping Company Ltd  
30 Broad & Lyng Streets  
Charlestown  
Georgetown  
Tel: 592-227-2702  
Fax: 592-225-7204  
Email: [oceanmi@guyana.net.gy](mailto:oceanmi@guyana.net.gy)

C & V Caribbean Shipping Ltd.  
110 Laluni Street  
Queenstown  
Georgetown  
Tel: 592-227-1245/3301  
Fax: 592-227-3346  
Email: [info@cvshipping.com](mailto:info@cvshipping.com)

Demerara Shipping Company Ltd.  
Water and Schumaker Streets  
Georgetown  
Tel: 592-227-3417/3411  
Fax: 592-225-9512  
Email: [demship@solutions2000.net](mailto:demship@solutions2000.net)

DIDCO Trading Company Ltd  
Lot 1 Ramp Road  
Ruimveldt  
Greater Georgetown  
Tel: 592-225-2475  
Fax: 592-225-2316  
Email: [didcokfc@guyana.net.gy](mailto:didcokfc@guyana.net.gy)

Guyana National Shipping Corporation Ltd  
5-9 Lombard Street  
Georgetown  
Tel: 592-226-3365/1840  
Fax: 592-225-3815  
Email: [gnsc@guyana.net.gy](mailto:gnsc@guyana.net.gy)  
Website: <http://www.gnsc.com>

Laparkan Trading (Guy) Company Ltd  
C/o GNIC Complex  
Lot 2-9 Lombard Street  
Georgetown  
Tel: 592-226-1095-7  
Fax: 592-227-6808  
Email: [lpkmarketingguy@solutions2000.net](mailto:lpkmarketingguy@solutions2000.net)

Panglobal Cargo Express (Guyana)  
158 Barr Street  
Kitty  
Georgetown  
Tel: 592-227-0866  
Fax: 592-226-9257  
Email: [pgct@networksgy.com](mailto:pgct@networksgy.com)

Muneshwers Limited  
45-47 Water Street  
Georgetown  
Guyana  
Tel: 592-225-0790  
Fax: 592-225-0791

Sureway Shipping Inc.  
26 North Road, Lacytown  
& 25 Main & Charles Place  
New Amsterdam  
Tel: 592-226-9465 (G/T)  
592-333-4745 (N/A)  
Fax: 592-227-1057  
Email: [sureway@networksgy.com](mailto:sureway@networksgy.com)

Tecmarine (Guyana) Ltd  
34 North & King Streets  
Lacytown  
Georgetown  
Tel: 592-227-7203/7206  
Fax: 592-227-7202

John Fernandes Ltd  
24 Water Street  
Georgetown  
Tel: 592-227-3344/3350  
Fax: 592-226-1881  
Email: [Bernie@jf-ltd.com](mailto:Bernie@jf-ltd.com)

# 4

## Market Intelligence

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### FUNDAMENTAL QUESTIONS

21. How do I know what to export and where to?
22. Does Guyana have trade agreements that are beneficial to exporters?
23. How can I identify potential markets and assess their feasibility for my products?
24. Where can I obtain information on potential and alternative markets?
25. Who can assist me with research and market planning?
26. What is a Market Factor Assessment and how can it help me in exporting?

## 21. How do I know what to export and where to?

Conducting thorough market research can assist the exporter in determining the best market for his/her product. There are several factors that must be considered in such research, inclusive of the following:

**IDENTIFYING POTENTIAL MARKETS:** In identifying potential markets, it is useful to examine trade and related statistics to determine main producers, exporters and importers of the commodity produced or service you provide.

**IDENTIFICATION OF THE LARGEST AND FASTEST GROWING MARKETS:** Many mediums are available to the potential exporter to analyze growth areas. Trade statistics can be used to assess trends in the demand for your product and make forecasts, as well as assisting you to find out the number of domestic and international competitors that already supply a similar product to the target market. Additionally, population size and demographics should be examined with a view to estimating the number of potential consumers.

**ANALYSE MARKET TRENDS:** Examine market growth and shrinkage over the past few years. For example, the import history of the particular product over the last five (5) years within the target market would indicate the possibilities of your product succeeding in that market.

**ASSESS MARKET CONDITIONS AND PRACTICES:** It is always advisable to compare the price and quality of your product with those of your competitors. The Internet, trade fairs and missions, and sales representatives performing the role of intermediaries should be able to provide you with useful information on market access. Promotional practices will affect how much of the targeted market has access to your product and related information.

**ASSESS YOUR COMPETITION:** Once the potential markets have been identified, the competition at the country level that exists in the particular market should be assessed by volume and value. Similarly, the production volume within the target market should be determined.

**ANALYSE THE PHYSICAL ENVIRONMENT:** It is important to know how the climate may affect product appearance and/or performance. For example, coconut oil solidifies at cooler temperatures; its solidified appearance could negatively affect sales.

**IDENTIFY ECONOMIC FACTORS:** Information on GNP growth, per capita income and unemployment rates is often readily available on the web sites of many international organizations such as the Inter-American Development Bank (IADB), the International Monetary Fund (IMF) and the World Bank (WB). The United Nations Development Programme (UNDP) can give a fairly holistic picture of the health of an economy in the target market. For example, increasing incomes would suggest a growing market for your exports. The rate of inflation and foreign exchange regulations are also vital in an exporter's decision to penetrate a particular market.

**IDENTIFY SOCIAL AND CULTURAL FACTORS:** Languages, customs and culture differ from one country to another. It is therefore useful to find out how particular cultural practices may affect your product's ability to enter and succeed in certain markets and what product modifications may be necessary to enter and maintain market segments.

**VIABILITY OF THE GOOD/SERVICE:** Transportation costs, import duties, and tariffs may make your goods expensive and less competitive in the target market. The exporter should, therefore, consider the following access conditions that could prohibit goods being imported into the target market:

- (a) Transportation costs
- (b) Hazard of getting goods to the target market
- (c) Import licenses
- (d) Import quotas
- (e) Technical norms
- (f) Sanitary and phytosanitary measures
- (g) Import tariffs
- (h) Quality standards required by the market

While several markets may exist to which you can export your product, they may not all be suited to the characteristics of your firm and/or your product. It is important when starting out to choose the market which offers the greatest potential.

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## RESOURCES

*A Step by Step Guide to Exporting.* Published by Team Canada Inc. Cost: free. Downloadable at website [http://exportsource.gc.ca/heading\\_e.cfm?HDG\\_ID=2](http://exportsource.gc.ca/heading_e.cfm?HDG_ID=2) Contents include: *Tips for export success, identifying products or services with export potential, and your own export-ability.*

There are also a number of useful websites to acquire information on the export process. These include, <http://www.sbaonline.sba.gov/OIT/info/Guide-To-Exporting/all.html>, and <http://www.mbendi.co.za/export/sa/>

## 22.D

oes Guyana have trade agreements with other countries that are beneficial to exporters?

There are a number of bilateral, regional and international agreements to which the Government of Guyana is a signatory that can be beneficial to exporters

Within Guyana there are several tariff preference schemes under which products being exported from Guyana to regional and international markets qualify for tariff exemptions, tariff reduction or tariff preferences. From a cost perspective, the removal or reduction of duty on an exported product would tend to make that product more price competitive in the international market place, hence, raising the possibility of increased sales. Additionally, the tariff preference scheme helps the exporter to better penetrate preference-giving countries' markets or increase his/her market share relative to other competing suppliers who are not benefiting from one or another equivalent arrangement. To be a beneficiary of the trade preferential arrangement, the exporter is required to produce a Certificate of Origin that certifies that the product fulfils origin requirements. Selected aspects of the following preferential schemes are discussed below. These schemes are:

- Guyana – Brazil Partial Scope Agreement
- CARICOM
- CARICOM – Columbia Agreement
- CARICOM – Venezuela Agreement
- CARICOM – Cuba Agreement
- CARICOM – Dominican Republic Agreement
- CARIBCAN – Agreement with Canada
- Caribbean Basin Initiative – Agreement with the United States of America
- The General System of Preferences (GSP)
- ACP-EU Cotonou Agreement
- WTO

### 1. Bilateral

#### ***Guyana – Brazil Partial Scope Agreement:***

At the end of June 2001, Guyana and Brazil concluded a two year bilateral Partial Scope Agreement, that can be replaced by an agreement of Economic Complementation between MERCOSUR and Guyana. The objectives of the partial scope agreement is to foster closer bilateral trade flows, through the exchange of tariff preferences between Guyana and Brazil, and increase cooperation on trade matters and participation of the private sectors in both countries.

Under this agreement, Brazil has eliminated import duties on all products on the Guyana list including those products that are subject to quotas. The items that will enjoy preferential treatment include:

- Fruits and vegetables
- Bottled rum
- Calcine bauxite
- Plywood
- Wooden furniture
- Sawn lumber

- Corrugated cardboard
- Paper towels
- Chemical paper, and
- Aluzinc Sheets

Additionally, Guyana can export annual quotas of rice and sugar of 10,000 tonnes each, and 100 tonnes of hot pepper.

For further information on this agreement, contact the Private Sector Commission, 157 Waterloo Street, North Cummingsburg, Georgetown, Tel: 592-225-0977, or Go-Invest at 190 Camp and Church Streets, Georgetown, Tel: 592-225-0658/0653.

## 2. Regional

**CARICOM:** Guyana was a founding member of the Caribbean Free Trade Area (CARIFTA) and later in 1973 signed as a founding member, the Treaty of Chaguaramas, which established the Caribbean Community and Common Market (CARICOM). CARICOM is a customs union with a Common External Tariff (CET). The current members are Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, St. Lucia, St. Vincent and the Grenadines, Monsterrat, St. Kitts-Nevis, Suriname, and Trinidad and Tobago. Under the Common External Tariff rates of member states have been lowered.

*Rules of Origin:* For goods to benefit under the rules of origin requirement of CARICOM, they must fulfil the following conditions:

- Wholly produced within the Common Market
- Produced using materials imported from outside the Common Market or of undetermined origin that have been used at any stage of the production of the goods and does not exceed:
  - ✓ 60% of the export price of the goods in less developed countries (Antigua and Barbuda, Bahamas, Belize, Dominica, Grenada, Haiti, Monsterrat, St. Lucia, St. Vincent and the Grenadines, St. Kitts-Nevis, Suriname,)
  - ✓ 50% of the export price of the goods in more developed member states (Barbados, Guyana, Jamaica, and Trinidad and Tobago)

*Documentary Requirements:* In order to claim preferential treatment under CARICOM, the exporter must produce a CARICOM Certificate of Origin in the prescribed form. This form must be signed by the exporter or his agent and it must be submitted together with other shipping documents to the Customs Officer at the point of export. The form is available at:

- The Guyana National Printers  
1 Public Road  
La Penitence  
Ruimveldt  
Greater Georgetown
- CCS Copy Centre (Guyana) Ltd  
231 Camp Street  
North Cummingsburg  
Georgetown
- Guyana Stores Limited  
19 Water Street  
South Cummingsburg  
Georgetown

- Any Customs Broker

For further information on this agreement, kindly contact the CARICOM Secretariat, Bank of Guyana Building, Avenue of the Republic, Tel: 592-226-9281-9, Fax: 592-226-7816 Email: [rte1@Caricom.org](mailto:rte1@Caricom.org)

*Chronology of events in exporting to CARICOM*

- Uplift certificate of origin form
- Submission of relevant documents to Customs Officer at point of export
- Examination of consignment and documents by Customs Officer
- Release of consignment
- Customs Officer certifies origin of the goods
- Original and Duplicate copies of form are returned to exporter
- Third copy of form is retained by Customs Officer
- Exporter sends the original to the importer

**CARICOM – Columbia:** This is an agreement between the Caribbean Community and the Government of the Republic of Columbia on trade, economic and technical co-operation. The Trade section of this Agreement provides for duty-free treatment on a wide range of agricultural and manufactured goods from CARICOM member states into Columbia. Potential products for export from Guyana include wooden furniture, rattan, nibbi and cane furniture, rum, rice, bathroom fittings (onyx), and shrimp.

*Rules of Origin:* For products to qualify for duty free exemptions, they must fulfil the rules of origin requirements which stipulate that:

- The products or materials must be considered as originating from soils and waters in CARICOM member states such as minerals, plants and animals.
- The CIF value of materials or products from third countries utilized in the production process does not exceed 60% of the FOB price of the goods produced, or the regional content shall be no less than 40% of the FOB price of the goods produced.

However, the following will not be considered as a process of substantial transformation whether or not an origin requirement has been complied with:

- Operations to ensure the preservation of goods during transportation or storage such as refrigeration, freezing additives or preservatives.
- Operations such as dust removal, sifting, shelling, winnowing, drying, sorting, etc.
- Simple packing, placing in containers or repacking, etc.
- Direct consignment

*Documentation Requirements:* To benefit from the CARICOM – Columbia Agreement the exporter must include in the export documentation a declaration certifying the fulfillment of the origin requirement in the format prescribed. This form is issued by the exporter or his agent and certified by the Customs and Trade Administration, which is valid for 180 days from the date of issue.

For further information on this agreement, contact the Colombian Embassy, 306 Church Street, Queenstown, Tel: 592-227-1410, Fax: 592-225-8198.

**CARICOM – Venezuela:** This is an agreement between the Caribbean Community and Venezuela, providing for one-way duty-free access of specific products and duty reduction. Duty-free access is offered for products such as certain fresh fruits and spices, and processed foods.

Products subjected to phased reduction of duties include fish, vegetables, pineapples, and mangoes. The exception list includes such products as beef, dairy products, rice, vegetables, and fats.

*Rules of Origin:* products manufactured using materials from third countries will be considered as originating in CARICOM member states provided that:

- The materials from third countries are classified in different headings
- Their production includes materials originating in CARICOM countries
- The CIF value of the materials from third countries does not exceed 40% of the FOB export value of such products.

*Documentation Requirements:* In order for the products to benefit from the preferential treatment, a declaration certifying the fulfilment of the origin requirement in the format adopted by ALADI (Latin American Integration Association) must be included in the export documentation. Such declaration is issued by the exporter and certified by the Customs and Trade Administration.

For further information on this agreement, kindly contact the Embassy of Venezuela, 296 Thomas Street, South Cummingsburg, Tel: 592-226-1543, Fax: 592-225-3241.

**CARICOM – CUBA AGREEMENT:** This Agreement on Trade and Economic Cooperation between the Caribbean Community and the Government of the Republic of Cuba was entered into on the 1<sup>st</sup> of January 2000. Under this agreement, a number of items, inclusive of rum, rice and beef are exempted from duty.

*Rules of Origin:* For goods to have access to preferential treatment under the agreement, they must fulfill the following conditions:

- Wholly produced within the Common Market
- Produced using materials imported from outside the Common Market or of undetermined origin which have been utilized in the production of any commodity but it should not exceed 50% of the export price of the goods in the common market
- Must be delivered directly from the exporting country to the importing country. This shall be interpreted to mean:
  - ✓ Goods transported without going through a third country
  - ✓ Goods transported in transit through one or more third countries, with or without trans-shipment or temporary storage, under the surveillance of customs authorities of such countries provided that:
    - the transit is justified by geographical reasons or by considerations related to transport requirements;
    - the goods are not designated for trade or use in the transit country;
    - the goods do not undergo during transportation or storage, any operation other than loading or unloading or operations to keep them in good condition and ensure their conservation.

*Documentary Requirements:* In order to benefit from the CARICOM - Cuba Agreement, the exporter shall include in the export documentation a certificate of origin as prescribed under the agreement. The exporter or his agent shall present this document, certified by the Customs and Trade Administration. The certificate of origin is valid for a period of 180 days from the date of issue.

For further information on this agreement, contact the Cuban Embassy, 46 High Street, Kingston, Tel: 592-225-1881, Fax: 592-228-1824.



## CARICOM – DOMINICIAN REPUBLIC

This Agreement between the Caribbean Community and the Government of the Dominican Republic established the Free Trade Area between CARICOM and the Government of the Dominican Republic. It was entered into on the 22<sup>nd</sup> of August 1998.

*Rules of Origin:* For goods to have access to preferential treatment under the agreement, they must fulfil the following conditions:

- Wholly produced within the Common Market
- Produced using materials imported from outside the Common Market or of undetermined origin which have been utilized in the production of any commodity but it should not exceed 7% of the transaction value of the goods adjusted to a FOB basis.
- Must be delivered directly from the exporting country to the importing country. This shall be interpreted to mean:
  - ✓ Goods transported without going through third countries
  - ✓ Goods transported in transit through one or more third countries, with or without transshipment or temporary storage, under the surveillance of customs authorities of such countries provided that:
    - the transit is justified by geographical reasons or by considerations related to transport requirements;
    - the goods are not designated for trade or use in the transit country;
    - the goods do not undergo, during transportation or storage, any operation other than loading or unloading or operations to keep them in good condition and ensure their conservation.

*Documentary Requirements:* In order to benefit from the CARICOM Dominican Republic Agreement, the exporter shall include in the export documentation a certificate of origin as prescribed under the agreement. The exporter or his agent shall present this document, certified by the Customs and Trade Administration and it shall have a life of 180 days from the date of issuance.

For further information on this agreement, kindly contact the CARICOM Secretariat, Bank of Guyana Building, Avenue of the Republic, Tel: 592-226-9281-9, Fax: 592-226-7816 Email: [rte1@Caricom.org](mailto:rte1@Caricom.org)

### 3. Multilateral Agreements

**CARIBCAN:** This is a trade preferential arrangement between the Caribbean Community and Canada. One of the main features of the preference under CARIBCAN is the extension of preferential duty-free access to the Canadian Market for most imports from the Commonwealth Caribbean countries. Products excluded from duty-free treatment are textiles and clothing, footwear, luggage and bags, leather garments, lubrication oils and methanol.

Products from Guyana with the exception of the above items are admitted free of duty into the Canadian market provided they fulfil the rules of origin requirement, or the local content criteria. Qualifying products are defined as:

- Products with 60% of their ex-factory price originating in the exporting country or in Canada.
- Goods directly imported from the exporting country or passing in transit through territory of an intermediate country, with or without trans-shipment on temporary storage; in any intermediate country the goods must remain under customs transit control. Exporters

have to note that the rules of origin allows for value-added accumulation among the Commonwealth Caribbean countries.

*Other Requirements:* Despite the fulfillment of the rules of origin requirements, exports to Canada are subjected to a number of regulations that govern the importation or sale of goods in the Canadian market. The broad nature of some of these regulations is introduced as follows:

- Consumer packaging and labelling: certain mandatory information must be presented on labels in both of Canada's official languages (English and French).
- Marking of Imported Goods: Almost all goods imported into Canada are required to bear country of origin markings.
- Health and standard regulations: Strict standards for agricultural and fisheries products are administered on both imported and domestic products.

The exporter must find out in detail about these and other regulations that have bearing on his/her particular product and ensure compliance accordingly.

For further information on this agreement, kindly contact the Canadian High Commission, Young and High Streets, Kingston. Tel: 592-227-2081-5, Fax: 592-225-5786.

***Caribbean Basin Initiative (CBI):*** CBI is a non-reciprocal preferential arrangement between the United States of America (USA) and other developing countries including CARICOM member states. The arrangement provides for duty-free access for CBI exports to the USA market with the exception of textiles and apparel, petroleum, footwear, leather goods, canned tuna, sugar, luggage and hand bags.

Certain imports like food require approval from the Food and Drug Administration of the USA. It is important for the exporter to verify if similar requirements are in place for other export items of interest from Guyana.

***The Generalised System of Preferences (GSP):*** Under the GSP System, developed countries extend reduced most-favoured-nation (MFN) tariffs or duty-free access to eligible products exported by developing countries. The countries that provide GSP to Guyana are the United States, Canada, Japan, and member states of the European Union.

*Qualifying Criteria:* The preference-giving countries have prescribed certain conditions in order to ensure that the benefits of preferential tariff treatment under the GSP are limited to products that are produced or manufactured in the preference-receiving countries. These conditions are commonly referred to as rules of origin.

Compliance with these conditions is essential if the export products are to qualify for preferential treatment. The major elements of the conditions are the following:

- Origin criteria
- Consignment conditions
- Documentary evidence which establishes compliance with the above conditions

To benefit from a GSP arrangement, the exporter must support his claim by a Certificate of Origin Form A. This certificate duly completed by the exporter or his or her agent and certified by the Customs and Trade Administration serves as documentary evidence as to the origin and consignment of goods.

For further information on these agreements, kindly contact the Embassy of the United States of America, 100 Young Street, Kingston Tel: 592-225-4900-9, Fax: 592-225-8497.

**ACP – EU Cotonou Convention:** The Fourth Lome Convention is an international agreement between African, Caribbean and Pacific countries (ACP) and the European Union (EU). Member states of the EU are Ireland, Portugal, Netherlands, Spain, France, UK, Germany, Belgium, Luxembourg, Sweden, Denmark, Greece, Finland, Austria and Italy.

The Convention deals with the following three major aspects of international co-operation:

- Technical Co-operation: mainly the European Development Fund (EDF) projects;
- Financial Co-operation: Covers loans and financial assistance from the European Investment Bank (EIB) or Community Institutes;
- Trade Co-operation: Involves preferential duty arrangement. In keeping with its focus, this Guide will only cover trade co-operation.

Under the trade provision of the convention, EU grants non-reciprocal preferential access for ACP exports to the EU markets.

*Qualifying Products:* Products manufactured in ACP countries are admitted duty free into EU market under conditions of status of origin. With the exception of wine, lemon and olives, at least a preference of 16% over the General Customs Tariff (GCT) for agricultural products is also provided. Conditions of access to EU market for some product groups of potential interest to Guyana are as follows:

*Food sector:* All food processors are legally bound to have an HACCP plan or they must be working on an HACCP system. The EU directive on hygiene for foodstuff (93/43/EU) stipulates that: “food stuff companies shall, identify each aspect of their activities which has bearing on safety of food stuffs and ensure that suitable safety procedures are established, applied, maintained and revised on the basis at the HACCP system.” HACCP stands for Hazards Analysis Critical Control Points. The HACCP quality standard monitors at every stage the hygiene conditions of a product starting from the procurement of raw materials through the production process to packaging, transportation and final delivery. In addition to HACCP requirements other market access conditions for some food product groups of potential interest to Guyana are treated as follows:

*Preserved Fruits and Vegetables:* Guyana exports have zero tariff. Rules of origin and safe guarding clauses in which anti-dumping levies are imposed on imported products which are sold in the EU at a lower price than in the market of origin.

*Fresh Fruits and Vegetables:* Fresh fruits include apples, oranges, bananas, pears, melon, peach, strawberry, pineapples, mango, avocado, passion fruits, etc. Fresh vegetables include cauliflowers, tomatoes, carrots, onions, okra, chillies, aubergines, etc. There are no duties levied. They are subjected to the entry pricing system. These reference prices are set for one sales period and per country of origin.

*Fishery Products:* Zero duty rate is applied. Quotas are applicable to tuna. A system of reference (minimum) prices is applied for the following products:

- Fresh, chilled and frozen tuna
- Fresh, chilled and frozen fillets of Atlantic salmon
- Fresh, chilled rake
- Fresh, chilled flat fish
- Frozen halibut
- Frozen sea bass
- Frozen shrimps
- Frozen squids etc.

The above fishery products are not allowed to enter EU market at a price lower than the reference price. Reference prices are fixed periodically.

*Dried Fruits and Edible nuts:* dried fruits include apples, apricots, currants, dates, prunes, mangoes, pineapples, etc. Edible nuts include groundnuts, almonds, cashew nuts, coconuts, walnuts, etc. These products must comply with EU rules regarding such matters as toxin restrictions, approved additives, moisture content, sizing, pesticide residues, uniformity of content, packaging and marking. Exporters are advised to contact importers for information on quality requirements specifications geared to the needs of packers, processors and food manufacturers.

*Spices and Herbs:* These include – spices, pepper, paprika, ginger, cinnamon, capsicum, caraway, cumin, curry, etc. and herbs: parsley, marjoram oregano, thyme, rosemary, etc., Imports from Guyana, as an ACP country, are exempt of customs duties on documentary proof of origin.

*Timber and Timber Products:* These include logs, sawn timber, wood-based panels such as plywood, blackboard, particles board, etc; building materials components such as mouldings, doors and door frames, windows and window frames, etc.; veneers, wooden packing materials. Zero tariff rate is applied. The import of these products is restricted to those that originate from countries where sustained forest management is applied.

For the exporter wishing to export to various external markets, it is imperative to be familiar with the various Agreements from which he/she can benefit, which can assist in reducing the sale price for your product, increase sales revenue and market share.

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## RESOURCES

Ministry of Foreign Trade and International Co-operation, Takuba Lodge, 254 South Road Georgetown, Tel: 592-226-5064/226-8427, Email: [minister@mofitic.gov.gy](mailto:minister@mofitic.gov.gy)  
CARICOM Secretariat, Eddie Grant Building, Main Street, Kingston, Georgetown Tel : 592-225-8850-3 Fax 592-225-734. Also see their website <http://www.caricom.org/statistics/tpubtoc.htm> which has a lot of useful information that has export data applicable to CARICOM countries and preferential agreements that CARICOM has signed.

There are also a number of useful websites to acquire information on the export process. These include, <http://www.sbaonline.sba.gov/OIT/info/Guide-To-Exporting/all.html>, and <http://www.mbendi.co.za/export/sa/>

## 23. How can I identify potential markets and assess their feasibility for my products?

In order to assess the feasibility of a market, there are a series of questions that an exporter should seek to answer

Questions posed should be simple, yet worthy if you are to get the answers that you seek. These may include:

- Are there significant numbers of users for your products?
- What is the current and potential size of the market for your product?
- Does the country import a significant proportion of the particular good for its needs?
- Would the price, at which you would have to sell your product to return a profit, allow you to be competitive and profitable after costs (shipping costs and tariffs) are incurred?
- Is there a steady, growing or decreasing demand for the product in question?
- Is the country politically and economically stable?
- Are producers in the target market protected by government through taxes imposed on imported goods?
- Will you be paid in a convertible currency?
- Can you exploit the vulnerabilities of the main competitors?
- What are the costs of transport, storage and distribution?
- What advertising methods are used in the market? If suppliers are spending heavily on product promotion, it may be difficult to compete.
- How does your product compare with the competition?
- What taxes are likely to be incurred?

One can never assess all the impediments that one is likely to incur in exporting, nor the severity of these impediments. Asking a few pointed questions and conducting some basic market intelligence can help you determine whether exporting will be worth your while

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### RESOURCES

Doing Business in Canada. Pricewaterhouse Coopers publication. This manual provides information on various economic, foreign investment, taxes and labour markets of various countries. The web site [http://www.tradeport.org/ts/trade\\_expert/market/identify/potential.html](http://www.tradeport.org/ts/trade_expert/market/identify/potential.html) provides market research information and helps the exporter to understand the important issues in selecting a target market.

## 24. Where can I obtain information on potential and alternative markets?

The exporter can make use of the following sources of information in order to locate prospective customers:

Although other exporters are likely to be your competitors, these persons can also be the most useful sources of information on potential/alternative markets. Organizations like Go-Invest and the New Guyana Marketing Corporation can help in this regard, but your informal network of exporters may often be your most useful and informative sources.

- **Local Entities**

1. Go-Invest
2. New Guyana Marketing Corporation
3. Association of Regional Chambers of Commerce

- **Trade Directories or Journals and Export Directories**

1. Dunn and Bradstreet International Business Resource Series <http://www.dnb.com>
2. International Directory of Business Information Sources and Services ([www.tradezone.com/trdzone.htm](http://www.tradezone.com/trdzone.htm), [www.thebiz.co.uk](http://www.thebiz.co.uk), and [www.ciber.bus.msu.edu/busres.htm](http://www.ciber.bus.msu.edu/busres.htm))

- **Organisations/Institutions**

1. Trade directories or journals and export directories ([www.businessbookshop.com](http://www.businessbookshop.com), [www.wholesaletradedirectory.com](http://www.wholesaletradedirectory.com), [www.eztel.com/trade](http://www.eztel.com/trade), and [www.directintl.com](http://www.directintl.com))
2. Chambers of Commerce and Trade Organisations ([www.chamber-of-commerce.com](http://www.chamber-of-commerce.com))
3. National and Foreign Banks

- **International Organisations**

1. International Trade Centre (<http://www.intracen.org>)
2. United Nations Industrial Development Organisation (UNIDO) (<http://www.un.org>)
3. United Nations Centre on Trade and Development (UN CUSTOMS AND TRADE ADMINISTRATION) (<http://www.un.org>)
4. World Trade Organisation (<http://www.wto.org>)

- **International Trade Fairs and Exhibitions**

Potential/alternative markets can be identified when exporters visit a facilitating agency like the Guyana Office for Investment, or when they visit and participate in local trade fairs, exhibitions, such as Guyana Exposition (GuyExpo), as well as those abroad.

- **International Trade Resource and Data Exchange (I-Trade)**

This is a comprehensive, user-friendly clearinghouse for trade-related information, leads and sources. It provides SMEs with access to current trade leads at a reasonable cost. (<http://www.i-trade.com> and <http://www2.tpusa.com>)

- **Embassies and Consulates of Guyana and Other Countries, both Locally and Abroad**

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## RESOURCES

The Guyana Office for Investment (Go-Invest) 190 Camp and Church Streets, and the New Guyana Marketing Corporation at Robb and Alexander Streets offer useful information on potential markets and market niches.

Foreign Trade On-Line™ is a privately owned business-to-business (B2B) trade resource, information etc. from around the world. Upon registration, provides free services for exporters and importers.

[www.foreign-trade.com](http://www.foreign-trade.com), <http://export-help.cec.eu.int/>

The web site <http://www.tradeport.org> contains information on markets and market intelligence.

## 25. Who can assist me with research and market planning?

There are several local, regional and international firms that can assist the exporter with the important task of research and market planning. The yellow pages of the telephone directory are a good source of information on such firms.

Specific firms that conduct such researches are:

### LOCAL

- **Government:**

1. The Guyana Office for Investment
2. The New Guyana Marketing Corporation

- **NGOs:**

1. Private Sector Commission
2. Guyana Volunteer Consultancy
3. Consultative Association of Guyanese Industries
4. Guyana Manufacturers' Association
5. Association of Regional Chambers of Commerce
6. Caribbean Export Development Agency ([www.carib-export.com](http://www.carib-export.com))
7. Caribbean Export ([www2.carib-export.com/index.php3?page\\_id=25](http://www2.carib-export.com/index.php3?page_id=25))

- **Consulting Firms:**

1. Guyenterprise Advertising Agency, 234 Almond and Irving Street, Queenstown, Georgetown Tel: 592-226-9874, Fax: 592-225-6959, Email: [gaa@guyana.net.gy](mailto:gaa@guyana.net.gy)
2. Ross Advertising, 46F Brickdam & Boyle Place, Georgetown, Tel: 592-225-0592

- **Global**

1. International Trade Centre (ITC) <http://www.intracen.org>

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### RESOURCES

The web site <http://www.cwddirectory.com> contains a listing of all Caribbean directories. Yellow pages for many, if not most countries, can be found on the internet.



## 26. What is a Market Factor Assessment and how can it help me in exporting?

A thorough market factor assessment will help the firm predict the demand for its products or services and how well it is expected to perform in each target market.

### **The Market Factor Assessment**

The Market Factor Assessment (MFA) provides a complete breakdown of the factors identified above. In conducting the MFA one way to do this is to rate each prospective country based on a market condition scale of 1 (poor) - 5 (excellent). This score is attached to each of the factors listed below. You will then tally your results and determine the most plausible markets to enter.

#### ***Demographic/Physical Environment***

- ☐ Population size, growth, density
- ☐ Age Distribution
- ☐ Urban and Rural distribution
- ☐ Climate and weather variations
- ☐ Shipping distance
- ☐ Physical distribution and communication network
- ☐ Regional and local transportation facilities

#### ***Political Environment***

- ☐ System of government
- ☐ Government involvement in business
- ☐ Attitudes toward foreign business trade
- ☐ Political stability and continuity
- ☐ Fair/free trade mindset
- ☐ National trade development priorities

#### ***Economic Environment***

- ☐ Overall level of development
- ☐ Economic growth: GNP, industrial sector
- ☐ Import and export percentage of total economy
- ☐ Balance of payments
- ☐ Currency: inflation rate, availability, controls, stability
- ☐ Per capita income and distribution
- ☐ Disposable income and expenditure patterns

#### ***Social/Cultural Environment***

- ☐ Literacy rate, educational level
- ☐ Existence of middle class
- ☐ Similarities and differences in relation to home market
- ☐ Language barriers

**Market Access**

- ❑ Adequate distribution network
- ❑ Documentation and import regulations
- ❑ Local standards, practices, and other non-tariff barriers
- ❑ Patent, trademark, copyright protection
- ❑ Adequate dispute resolution mechanisms
- ❑ Tax laws, rates

**Product Potential**

- ❑ Customer needs and desires
- ❑ Local production, imports, consumption
- ❑ Exposure to and acceptance of product
- ❑ Attitudes toward products of foreign origin
- ❑ Competition

A well conducted market factor assessment may prevent you from spreading your self too thinly, while also preventing you from running the risk of entering markets in which your product is not likely to succeed.

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**RESOURCES**

The web sites <http://www.tradeport.org> and <http://www.gar.com/primer.htm> contain information on market and market research, and explanations on how to conduct a Market Factor Analysis.

# 5

## MARKETING AND PROMOTING EXPORTS

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### FUNDAMENTAL QUESTIONS

27. How can I enter an export market?
28. What sales and distribution channels can be used to enter various international markets?
29. How do I promote my product in the international market place?
30. Are brand names important to promote my product internationally?
31. What is a trade fair and how can it help me?
32. Are there any differences between a trade mission and a trade fair?
33. How does an exporter select the best trade fair?
34. How best do I prepare for a trade fair?
35. How do I get to showcase my product at a trade show?
36. What are the typical costs of participating in a trade fair?
37. Where can I obtain information on upcoming trade fairs and trade missions?

## 27. How can I enter an export market?

It is necessary before deciding on what approach to use to enter an export market to determine how much financial risk the firm can assume and how much control over the product is needed in the foreign market. Answers to these questions will help you decide what type of representation would be needed

On a general basis, there are basically three main mediums through which Guyanese firms can enter the global market: direct or indirect exporting, establishing a joint venture, and licensing. When choosing an entry method, it is useful to consider the similarity of the foreign market to the domestic market as well as the level of service required, tariffs and transportation costs, lead time requirements, brand awareness, and competitive advantage.

### ***Indirect Exporting Methods***

In the indirect exporting process, the firm is not directly involved in the export process but provides a good way for a small business to break into the international market place without the complexities and risks of direct exporting. However, there are also disadvantages with indirect exporting, which may be manifested in the possible loss of control over the product to an overly aggressive representative, as well as the fact that some individuals and organizations may not be willing to comply with your firm's requests.

*Commissioned Sales Agent (a.k.a. Purchasing Agent).* Usually, small firms with particular specialisations may employ a commissioned sales agent. The agent is often remunerated through a commission obtained from the net export price. The main function of the agent is to find foreign firms that want to buy the products and place orders on behalf of the buyers. However, the agents do not become involved with packaging and shipping of the products, nor are they expected to take title of the products they represent.

*Export Management Company (EMC) or Export Trading Company (ETC).* An EMC is a more advanced stage of the agent operations. This tends to be a well-established network of foreign distributors that provide timely foreign market access. Within the arrangement with the EMC, products are purchased at a discount, and transportation and marketing costs are incurred by the EMC. However, as loss of control over foreign sales can affect customer service and overall image; it is important to negotiate with an EMC to maintain a certain degree of control over the product. ETCs, like the EMCs, sell products in foreign markets; however, ETCs usually represent a number of identical or similar products from a single industry. Export trading companies (ETCs) assume the risks associated with exporting by taking title to goods domestically and handling subsequent export operations for the firm. ETCs/EMCs typically export large volumes of products from many sources at lower per-unit costs through established networks of overseas offices and facilities in transportation, insurance, and storage. ETCs can offer a range of goods and services to potential buyers, secure more favourable prices or develop additional sales channels typically denied individual exporters.

There are many different forms ETCs can assume but generally the primary advantage of exporting through a well-developed ETC is that for you the selling process can simply involve a domestic transaction. ETCs are also capable of monitoring markets more efficiently and are better equipped to recognize potential opportunities.

Some of the functions an ETC performs include warehousing and storage of goods; loading and unloading of cargo at shipside or in transit area; coordinated handling services for air freight at airports; freight forwarding including customs clearance of freight, freight consolidation, and

shipping documents preparation; transport clearinghouse, brokerage, and freight rate information; packing, crating and otherwise preparing goods for shipping; domestic and international telecommunications; purchasing and selling foreign currency exchange and transmitting funds abroad for international trade transactions; furnishing short- or long-term financing to business enterprises; placement of marine, casualty, and war risk insurance contracts with carriers for international trade transactions; preparing and placing advertising for international trade; market analysis and research for international trade transactions; and legal services for international trade-related matters.

### ***Direct Exporting Methods***

With direct exporting, the firm is afforded more control over the exporting process, with the potential for profits being greater as the firm does the work, therefore foregoing the payment of a part of the profit share to a middleman or agent. Furthermore, the exporter will tend to develop a closer relationship with the overseas buyer. As a result, the direct exporter will gain greater insight and knowledge of the foreign market. The drawbacks though, include the chance that the exporter will devote excess time and resources to create a successful overseas market. Also, the exporter is exposed to more direct risk as he/she plays a more active role.

### ***Sales Representative***

An individual who represents the company in the foreign market is a sales representative. Representatives will often use the company's literature and samples, work on a commission basis, and assume no risk or responsibility. Signed prior to hiring the representative, a contract should outline the territory, terms of sale, method of compensation, reasons for termination of services, etc. A representative may not necessarily work on an exclusive basis.

### ***Distributors***

A distributor purchases merchandise from an exporter, usually at discount, and resells it in the foreign market for a profit. The distributor maintains an inventory of the supplier's products, and usually provides support and service. The distributor does not usually sell to an end user. Payment terms and other agreements between the distributor and the company are established via contract.

### ***Direct Sales to End Users***

Via exporting, a firm directly sells to an end user in a foreign country. Buyers are identified through trade shows, international publications, word of mouth, or government contact programmes, and the firm is responsible for shipping, payment collection, product servicing, and all other facets of exporting.

### ***Joint Ventures***

A joint venture is a business arrangement in which two or more parties undertake a specific economic activity together. It is a partnership, for example, in which a Guyanese and a foreign firm negotiate:

- Interest,
- Performance,
- Responsibility,
- Investment, and
- Profit.

Joint ventures can spread costs, mitigate risks, offer in-country knowledge and details, and ease market entry. Laws regulating joint ventures often require that a majority percentage of stock belong to an in-country national.

Further, a joint venture can:

- Turn under-utilized resources into profit,
- Create a new profit center,
- Help you enter untapped markets at a quicker pace and at less cost than trying it alone.

Joint ventures are a popular method of expanding business. Major corporations and mid-sized companies are getting together, and small companies can do that, too, although it is usually on a less formal basis.

### **Licensing**

A firm can contractually assign the rights to certain technical know-how, design, and intellectual property to a foreign company in return for royalties or some kind of payment. Licensing offers rapid entry into a foreign market, capital investment is limited to none, and the return is usually realized more quickly. But licensing involves loss of control over production and marketing and the possible stealing of technological know-how by the licensee, if this is not carefully proscribed in the legal contract.

While Guyanese firms have often shown a reluctance to establish joint ventures, partnerships, etc., such arrangements can be beneficial to exporters in terms of risk sharing, access to greater levels of venture capital and greater marketing knowledge. Additionally, with clearly defined contractual obligations spelt out, firms can insulate themselves to some degree against the threat of exploitation.

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### **RESOURCES**

The web site [http://exportsource.gc.ca/heading\\_e.cfm?HDG\\_ID=36](http://exportsource.gc.ca/heading_e.cfm?HDG_ID=36) provide a number of useful linkages for the potential exporter to examine in determining what partnership, if any, he/she may form in attempting to enter a foreign market.

## 28. **W**hat sales and distribution channels can be used to enter various international markets?

The structure and channels of distribution and sales can vary according to the market and the product. Among the most frequently used are trading firms and organizations, agents, importers, wholesalers, and retailers. According to their position, specialization and function within the market, they each fulfil a particular role within the distribution system.

### **AGENTS**

Agents are intermediaries between the exporter and a wholesaler or retailer and they receive a commission from the exporter. Generally, they do not keep a stock of goods.

### **IMPORTER/WHOLESALE**

Producers, agents and retailers can all be importers as well. Each one of these import products and services in a different way depending on their position and vision. In contrast to the agent, the wholesaler keeps a stock of goods to lower his own risk. However, there are a number of combinations where the wholesaler or importer can act as agents and vice versa.

### **RETAILERS**

Retailers constitute the last step before the product reaches the consumer. The variety of retailers depend on the product being dealt with, the chain of products being managed, the group of customers being targeted, the way in which they distinguish themselves from the competition, etc.

### **CHAIN ORGANIZATIONS**

Generally known as chain stores, these play a very important role in the textile and confectionery sectors. Purchasing is centralized and a great variety of prices, quality and styles are offered. Chain organizations often sell their own brand name.

### **MAIL ORDER COMPANIES**

Sales are made through a catalogue. The consumer can pay without visiting a store or shopping center. Generally, these firms operate in a sector of low or medium prices within an average style and quality range.

### **THE INTERNET (E-COMMERCE)**

Goods are often posted on specific websites. These offer consumers a range of choices in terms of what is available and at what cost. The one major impediment for Guyanese exporters is that often a credit card system is needed to make this system operational.

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## **RESOURCES**

The web site [http://exportsource.gc.ca/heading\\_e.cfm?HDG\\_ID=36](http://exportsource.gc.ca/heading_e.cfm?HDG_ID=36) provide a number of useful linkages for the potential exporter to examine in determining what partnership, if any, he/she may form in attempting to enter a foreign market.

## 29. How do I promote my product in the international market place?

A promotion may be described as those marketing tools aimed at increasing customer awareness with the hope of increasing sales. The type of promotion chosen depends on the type of product being marketed, the level of existing awareness and the peculiarities of the market.

In selecting a method to promote your products, it is good to ask yourself the following:

- What goals do you hope to achieve through the promotion?
- Where will you be promoting your product? For example, in which market?
- What costs do you estimate you will incur?
- What marketing tools are you able to use?
- How will you use these tools?
- Which market segment do you intend to target your promotion to?
- What promotion techniques do competitors employ?

The main communication tools that can be used to promote a product are:

- Inclusion in Go-Invest's Directory and the Caribbean Export Development Agency's Directory
- Direct marketing, inclusive of telemarketing and mass mailing
- Publicity blitz, inclusive of flyers, free and paid publicity
- Individual visits and trade missions
- Participation in international fairs, conferences and events
- Direct mailing (including sending samples)
- Production of catalogues or photographs of products with company profile
- Product samples sent with manual on their use
- The internet/email

### Promotional Options

**NATIONAL PROMOTIONAL CAMPAIGN:** Normally, a national promotional campaign involves the mass media and the public on a large scale. The market is flooded through mass advertising, promotions, slogans and catchy "jingles" in order to attract customers' attention and heighten product awareness.

**CONSUMER PROMOTION:** Consumer promotion of a product takes place after the customer's awareness of a product has been built. Here the brand is heightened, via sampling techniques on a direct basis with a customer. Issues such as taste, price, and availability are addressed. Promotions normally take place at wholesale outlets, retail outlets, supermarkets, shopping malls and trade fairs.

**INTERNAL PROMOTION:** An internal promotion can be used to promote a product by using employees within an organization. In this approach, staff members become potential customers and critique the product. An opportunity is therefore provided to interact with potential customers and understand their needs. This method facilitates a quicker exchange of ideas and opinions.



**INTERNET:** The introduction of the internet allows an opportunity to promote a product to a specific market. The World Wide Web (www) has become an inexpensive way to market products to new markets.

**CHAMBERS OF COMMERCE AND PRIVATE SECTOR ORGANISATIONS:** These organizations in various countries can be approached to assist in the promotion of products, or at least to provide information on how such promotion might be conducted.

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## RESOURCES

Replink Corporation, 291 Brimson Drive, Newmarket, Ontario, Canada L3X149. Tel: 905-836-0398; Fax 905-836-6062; Email: [admin@replink.com](mailto:admin@replink.com); Web site <http://www.replink.com>. Replink provides a world-wide match making system that finds new markets for products and vice versa. The web site also provides world business telephone directories and important trade links.

### 30. Are brand names important to promote my product internationally?

The identification of your product with a specific brand name is often beneficial, more so if it is simple, catchy, and easy to remember

There are a number of benefits that can accrue to the exporter from having a brand name. These include:

- Protection of your product from other persons using your brand to promote their own products,
- Can increase market share and hence profitability, and
- It is becoming more and more a requirement under the WTO negotiations

However, brand names alone will not help you to sell products, more so if you are trying to break into a new market. In this regard, your product design and packaging are also important. If your image and/or logo is in bad taste or the ink used on the design smudges, it can affect your sales.

For example, Gerber once had a tough time selling its baby food in countries with low literacy rates where visual images are often utilized to compensate for poor reading levels. Gerber products often horrified mothers as they felt the picture of the baby on the label caused them to believe that babies were inside the jar!

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## RESOURCES

The web site <http://export2.rad.net/Tutorial/Secrets/TSCover.htm> provide a number of useful answers to questions that exporters and potential exporters may have.

Making a Mark: An Introduction to Trademarks for SMEs, WIPO, Intellectual Property for Business Series No. 1. Available at: [http://www.wipo.int/freepublications/en/marks/900/wipo\\_pub\\_900.pdf](http://www.wipo.int/freepublications/en/marks/900/wipo_pub_900.pdf)

### 31. What is a trade fair and how can it help me?

A trade fair provides an opportunity for small businesses to promote or advertise and exhibit their products to new as well as specific markets. For an exporter it is an important venue for meeting prospective buyers, to introduce new products, to get customers' feedback on export products, to understand market trends, to view competitors' products, and to take orders. The degree of success of a Trade Fair is determined largely by the follow up activities.

International trade fairs are events that are held often with the main objective of bringing together suppliers, consumers and observers in a single location. The product market or the location market drives a trade fair. A product specific trade fair is one in which the exhibition focuses on a range of related and complementary products. A location market driven fair is one at which a specific geographical market is targeted, normally the location of the fair. In these fairs a wide range of products are exhibited.

A Fair should be viewed by Guyanese exporters as an important marketing activity and as an important tool to canvass potential buyers and customers, and can be dynamic in boosting sales. However, you should remember that the Fair, which can be a costly proposition and should be carefully planned, is not a substitute for an export strategy or plan, but a complement to your export activities. Participation in locally or regionally organized international trade fairs could be a relatively less expensive option for small exporters.

A business person can attend a Fair as either one or more of the following:

EXHIBITOR	To promote the export of his/her product as well as to maintain a presence in the market
BUYER	To acquire a product
OBSERVER	To know the changes or advances taking place in the market
BUSINESS	To initiate and develop business relationships

Trade Fairs can help by:

- Boosting sales, especially exports due to meeting a large number of buyers at the same time and in the same place
- Stabilizing and increasing the firm's growth by increasing market opportunities
- Better identifying its strengths, weaknesses, opportunities and threats
- Facilitating promotional activities, personal development, increasing market awareness and improving planning activities
- Directly involving a firm in international competition, which may motivate positive changes in attitude and priorities

Eventually trade fairs develop the organization by:

- Aiding in planning strategies
- Developing Marketing Strategies

- Assisting with budget planning
- Developing organizational bonds among trading firms and participating firms

Exporters should consult the Go-Invest, Ministry of Foreign Trade and International Co-operation and the Private Sector Commission for information on upcoming trade fairs

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## RESOURCES

Association of the German Trade Fair Industry (AUMA) <http://www.auma.de> provides a comprehensive database on trade fairs in four languages, and included tools to help calculate and plan an exhibition.

TSNN Website at <http://www2.tsnn.com>, provides an Internet search engine for trade shows and exhibitions in a variety of industries worldwide.

Global Sources Trade Show Center. Web page at <http://www.globalsources.com/TRADESHW/TRDSHFRM.HTM>. The website provides information on trade shows and exhibitions worldwide.

## 32. Are there any differences between a trade mission and a trade fair?

Yes there is a difference between a trade mission and a trade fair

- A trade mission is a delegation of manufacturers from a variety of sectors who visit a foreign country. Occasionally it is headed by a government representative. The intent is to increase bilateral trade between the two countries.
- A trade fair is an exposition of goods and services across a variety of sectors. The trade fair could be sector specific – food, plastics – or varied. It is what takes place when there is a gathering of a number of companies, entrepreneurs, exporters, importers, buyers and sellers and other people in the business community at a stated time and place for trade. Examples of trade fairs in the Caribbean are the International Expo, the Caribbean Gift and Craft Market Place and GuyExpo in Guyana.
- The two can come together when a group of exporters organize themselves into a trade mission to attend a particular trade fair.

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### RESOURCES

Guyana Office for Investment (Go-Invest) 190 Camp and Church Streets, Georgetown Tel: 592-225-0658/0653, 227-0653, Fax: 592-225-0655 web site: <http://www.sdn.org.gy/goinvest>

### 33. How does an exporter select the best trade fair?

Ultimately, costs, the type of trade fair, and your particular interests will help to determine which trade fairs you will attend to derive the maximum benefits.

- Attendance at trade fairs can be expensive. As such, it is vital to find out the specific type of trade fair, and if you are likely to derive maximum benefits from attending. If the trade fair is subject specific and may have nothing to do with what you are currently producing or have will produce in the future, then it is very unlikely that that trade fair will serve your interests.
- If the trade fair may be beneficial to you because of what you understand will be offered, it is advisable that you attend.
- There is no blueprint regarding which fairs one should attend. The over-riding considerations would have to be cost-effectiveness and that you ensure that you are prepared thoroughly for such a fair.

Trade fairs, while offering significant benefits, must not be seen as a panacea, nor as a substitute for doing market research, if one is to succeed in the international market place

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## RESOURCES

Guyana Office for Investment (Go-Invest) 190 Camp and Church Streets, Georgetown Tel: 592-225-0658/0653, 227-0653, Fax: 592-225-0655 web site: <http://www.sdn.org.gy/goinvest>

## 34. How best do I prepare for a trade fair?

It is recommended that exporters should participate in international trade fairs. Support should therefore be sought to achieve the greatest success. For the exporter, the planning of his/her participation in the event, as well as an analysis of the market in which the fair is being held, are the two most valuable elements in obtaining a good return from such an investment

The most important preparatory step is to carefully determine the relevance of the trade show to your company. This can be done by examining the records of past attendance and the sales generated at the particular trade show.

In order to achieve the objectives of participating in a trade fair, planning is a very crucial exercise. Planning insures that the considerable investment is protected and that returns are maximized.

Planning involves the following steps:

- Communication of exhibition objectives
- Preparation of detailed budget
- Confirmation of the choice and availability of items to be exhibited
- Execution of the exhibition theme
- Organisation of stand design and construction of the stand
- Recruitment and training of staff
- Preparation and implementation of promotional activities
- Collation of results from promotional activities
- Compilation of a report on the effectiveness of the fair
- Development of follow up activities

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### RESOURCES

Handbook for Official Trade Representatives. International Trade Centre, UNCTAD/GATT. Palais des Nations, 1211, Geneva 10 Switzerland, Tel: 41 (22) 730 01 11, Fax: 41 (22) 733 44 39, web site <http://www.intracen.org>. Discusses general tasks in preparing for a trade fair, the international trade environment, trade missions and investment promotion.

### 35. How do I get to showcase my product at a trade show?

The most affordable, accessible shows with the highest potential returns on your investment are the ones you should attend. Such shows offer information on how to exhibit and how to conduct meetings with potential buyers and travel arrangements; how to deal with cultural differences; and which shows will provide the greatest success rate for the product.

- If you decide to participate in a trade show, the best way to participate is to ensure that you have a strategic position where your product can be viewed by most of the patrons, potential investors and buyers. PAY ATTENTION TO DETAIL.
- In showcasing your product, do take some time to focus on the “cosmetics of presentation.” Make your presentation attractive and glitzy to encourage potential customers to stop and find out what it is you are offering.
- Additionally, be willing to provide free samples as a way of advertising your product. Obviously there will be costs incurred, but the benefits can be immense. Furthermore, ensure that your contact details are clearly visible so that someone who wants to contact you can easily do so.
- Many international trade offices publish catalogues during trade shows to promote your product. This is generally an inexpensive and lucrative way to generate sales without leaving your office and should be explored

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#### RESOURCES

Guyana Office for Investment (Go-Invest) 190 Camp and Church Streets, Georgetown Tel: 592-225-0658/0653, 225-0653, Fax: 592-225-0655 web site: <http://www.sdn.org.gy/goinvest>



### 36. **W**hat are the typical costs of participating in a trade fair?

Participating in a trade fair can be an expensive venture in terms of both cost and time.

In striving to determine what costs you are likely to incur, you will need to ask the following questions:

- Where the fair is being held? i.e., locally, regionally or internationally
- What kinds of products you wish to advertise?
- What volume of products you wish to advertise?
- Who else may be travelling with you if the fair is being held internationally?
- Over what period of time you intend to participate at the fair?

Answers to the above questions can help you estimate what your costs at a fair are likely to be

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#### RESOURCES

Guyana Office for Investment (Go-Invest) 190 Camp and Church Streets, Georgetown Tel: 592-225-0658/0653, 225-0653, Fax: 592-225-0655 web site: <http://www.sdn.org.gy/goinvest>

### 37. Where can I obtain information on upcoming trade fairs and trade missions?

There are a number of local and international entities that can provide you with information on upcoming trade fairs and trade missions

#### ***The Guyana Office for Investment (Go-Invest)***

The day to day activities of Go-Invest consist of marketing and promoting Guyana as a destination for business and investment opportunities, and as a source of goods and services for export. It has also recently conducted market surveys for Guyanese products in Europe, North American and the Caribbean and will soon be conducting a similar study of Northern Brazil.

#### ***New Guyana Marketing Corporation (NGMC)***

One of the main functions of the NGMC is to provide technical assistance to small producers on packaging, quality control, etc, and assist farmers to enter foreign markets with non-traditional agricultural products.

#### ***Private Sector Organisations***

The information services of the Private Sector Commission, the Association of Regional Chambers of Commerce (ARCC), and the Guyana Manufacturers Association (GMA) usually provide information on upcoming trade fairs. These private sector organizations frequently host foreign trade missions.

#### ***Organisations***

Organisations, such as the International Trade Centre (ITC) in Geneva, Switzerland provide information on upcoming trade fairs globally. Their main responsibilities include monitoring markets of various types, listing events that are likely to occur throughout the industry and publishing market briefs.

#### ***Data Banks***

National Trade Data banks provide information on the latest activities in the trade industry as well as upcoming missions and trade events. Data banks provide potential clients with data on the right market types as well as material on market research.

[http://www.wifo.ac.at/\(en\)/db/](http://www.wifo.ac.at/(en)/db/)

<http://www.library.ubc.ca/rsrc/ntdb.html>

<http://www.iedb.anu.edu.au/iedb/datainfo/UNtradedata.htm>

<http://www.msue.msu.edu/msue/imp/modit/07309502.html>

**INTERNET**

The Expo Guide Index, [URL:http://www.exportguide.com/shows](http://www.exportguide.com/shows) is a web page that features several of the trade fairs being held throughout the world

**MISCELLANEOUS SOURCES**

The Caribbean Export Development Agency (CEDA), embassies, consulates and High Commissions abroad can also be asked to assist with information on upcoming trade fairs and missions. In the case of the CEDA, contact [www.carib-export.com/](http://www.carib-export.com/) or <http://www.01wholesale.com/carib-export/>

# 6

## CULTURAL ISSUES

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### FUNDAMENTAL QUESTIONS

- 38. What are the rules of international business etiquette?
- 39. Would my gender or ethnicity affect my business success internationally?
- 40. Do I need to know a foreign language when travelling abroad?
- 41. Do I need a visa when travelling abroad?
- 42. What safety precautions should be taken when travelling abroad?

## 38. What are the rules of international business etiquette?

Culture influences, *inter alia*, affect consumers' demands and preferences. As cultures are not the same across countries, it can be beneficial for your business to understand and appreciate the cultures of the various markets you hope to enter.

As culture is dynamic, what may be considered polite in one place may be viewed as rude in another. Also, what may have been seen as polite at one time may be seen as impolite at another time. As such, it is worth noting that differences in culture may influence your business partners' conceptions of time and priorities, styles of leadership and decision-making, the process of negotiating relative to reliance on laws and rules, business courtesies, and values and ethics. If you witness something that you find to be morally objectionable, culturally insensitive, socially outrageous, "backward", or simply incomprehensible, it would be a good idea for you to try to understand why the people of that culture act the way they do. Particularly where values are concerned, you should be:

- Open-minded,
- Non-judgmental, and
- Flexible.

That is not to say that you must ignore your morals, but you should be cautious and question before you judge.

### ***Business Manners***

In some cultures, individuals tend to be pretty formal in their business relationships. As such, it is often advisable to use full names and titles (i.e., Sir, Dr., or Mrs.) in introductions. Avoid calling an individual by his or her first name, unless you are invited to do so, and only at the appropriate time. Knowing ahead of time the correct names and their pronunciation can also prove invaluable as it gives the impression that you took the time to find out, and that you are serious about doing business. Also, know whether the person or the culture prefers a handshake, a nod, or a bow.

### ***Socializing***

If you are invited to a social affair, you are encouraged to accept the invitation, as it is a sign of respect. It could well be a prerequisite for doing business. Also, in many cultures, people will only do business with those whom they know. Declining a social invitation may be taken as a sign of rudeness. Conversely, though you may ask someone to dinner and be turned down often, persist as sometimes persons want to see whether you are serious or that you were just being condescending.

Do not press to discuss business during social functions, though if it is raised, you should be happy to discuss your business. Otherwise, simply enjoy the hospitality extended to you and use it to learn about the people, their beliefs, opinions and their way of life. On such occasions, time is NOT money, but for relationships. Also, try not to be too finicky about your eating or drinking habits as it could be insulting to your host and cause you to "lose face".

### ***Gifts***

Giving and accepting gifts at social meetings are common customs in many places around the world. It is useful to check out what gifts would make acceptable presents and to whom they

should be offered. For example you should never take an uneven number of flowers to a Japanese home if invited to dinner as it could not be evenly distributed, nor should the flowers be white as white is seen as a symbol of death!

### ***Business cards***

It is standard international business practice to have business cards to distribute to your contacts. Strive to make these simple, but at the same time attractive. Try not to make your business card read like your resume as the presentation may suffer while at the same time making you look pompous. In some instances it would be worthwhile to have bilingual cards, i.e., in the language of Guyana and that of the exporting country/partner.

In some countries, the business cards are treated quite reverently, as they are a declaration of status. The card may be carefully handed to you, with both hands, with the writing facing you, and perhaps also with a bow. Do not bend, write on, nor put away the business card while in the company of the presenter of the card. Instead, place it carefully on the table directly in front of you where you sit so that it faces towards you at all times during the discussion.

Acknowledgement and respect for other peoples cultures are vital to establishing and concretising business relations. **ALWAYS** be open-minded.

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## **RESOURCES**

Ministry of Foreign Trade and International Co-operation, Takuba Lodge, 254 South Road, Georgetown, Guyana; Tel: 592-226-5064/226-8427; Fax: 592-226-8426; Email: [minister@mofitic.gov.gy](mailto:minister@mofitic.gov.gy)  
Guyanese overseas delegations may be able to assist with the do's and don'ts of business etiquette.

### 39. Will my gender or ethnicity affect my business success internationally?

The manner in which you may be viewed, because of your gender and/or your ethnicity, varies from place to place.

Generally speaking, one's gender and ethnicity tend not to be major factors when exporting to the Caribbean, Europe or North America. However, this may not be so for every other country. Do not take abuse, but do not expect respect either.

In some countries though, barriers still exist for women due to biases, prejudices, and traditions. For example, in Arab countries, hosts commonly use "separate but equal" dining facilities. Even if a woman heads the delegation, the fact that she is female may prompt the host to place her in the women's dining room.

When traveling abroad, be prepared to hear racial slurs and sexual overtures. However, to create a good impression, you need to remain in control. If you become disturbed by the situation, you should excuse yourself, leave the room, regain composure, and resume negotiations.

It is always advisable that a woman dresses conservatively, regardless of which country she is in. Avoid being flirtatious and be careful when dining alone. Avoid giving business gifts except if it is for the family, and offer to pay for the food bill but do not insist.

How women or ethnically different individuals are regarded is a testament to the unique culture, history, and social structure of a particular country. Steer clear of any discussions on these in your business meetings unless your host asks for your opinion on the subject.

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#### RESOURCES

Ministry of Foreign Trade and International Co-operation, Takuba Lodge, 254 South Road, Georgetown; Tel: 592-226-5064/226-8427; Fax: 592-226-8426; Email: [minister@mofitic.gov.gy](mailto:minister@mofitic.gov.gy)

## 40. Do I need to know a foreign language when travelling abroad?

It can be advantageous to know your host country's language though speaking it is not mandatory.

English remains the main language of international business. However, this is not to say that there will be no problems in international transactions when communicating with your foreign business counterparts. Try always to avoid using local parlance, slang and idiomatic expressions as they give the impression that you may not be a good businessperson and may have a shady past.

When speaking:

- Make eye contact for signs of confusion and misunderstanding,
- Summarize your point often,
- Speak slowly and audibly
- Avoid acronyms and slang,
- Enunciate your words,
- Be careful that your body language does not give a negative or pompous impression,
- Do not pretend to be fluent in a foreign language if you are not; and
- Listen well when engaging in conversation and be polite.

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### RESOURCES

Ministry of Foreign Trade and International Co-operation, Takuba Lodge, 254 South Road, Georgetown, Guyana; Tel: 592-226-5064/226-8427; Fax: 592-226-8426; Email: [minister@mofcic.gov.gy](mailto:minister@mofcic.gov.gy)



## 41. Do I need a visa when travelling abroad?

The best way of finding out if you need a visa to travel to another country is to contact the Guyana-based consulate or embassy of the country to which you intend to travel.

Generally, most countries will require you to have a visa to enter that country, and you will have to indicate the time you intend to spend in the country as this may determine the type of visa that you receive. However, as a Caribbean national, you do not need a visa to travel to any of the CARICOM countries.

The time taken to acquire a visa varies from country to country. Where the country does not have a resident consulate, embassy or a commercial section within the Embassy or High Commission, a visa may take a bit longer than normal. Visa applications for some countries are processed on the same day, but others can take as long as 30 days.

If you are planning on travelling abroad you will have to take follow the following steps:

- Apply for a passport
- Once you have obtained your passport, apply for a visa to the country you intend to travel to if a visa is required
- If you intend to travel with samples of your product, speak to GO-INVEST about the waiver of custom duties on these items.

For further information, contact the GO-INVEST and the Ministry of Foreign Trade and International Co-operation.

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### RESOURCES

Ministry of Home Affairs, Immigration Department, Camp Road & Eve Leary, Georgetown Guyana, Tel: 592-226-3011.

## 42. What safety precautions should be taken when travelling abroad?

It is always useful before travelling abroad that you visit the Ministry of Foreign Affairs to obtain a business advisory on your intended destination.

- Try not to be out alone when in a strange environment
- Do not go off without leaving an indication, either with your hotel or contact, where you are going or can be reached
- Be careful about inviting individuals back to your accommodation
- Try to travel with traveller's cheques or credit cards rather than cash
- Always dress conservatively and do not wear too many pieces of jewellery

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### RESOURCES

Ministry of Foreign Trade and International Co-operation, Takuba Lodge, 254 South Road, Georgetown, Guyana; Tel: 592-226-5064/226-8427; Fax: 592-226-8426; Email: [minister@mofcic.gov.gy](mailto:minister@mofcic.gov.gy)

# 7

## AGENTS AND DISTRIBUTORS

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### FUNDAMENTAL QUESTIONS

43. How best can my product be represented in a foreign market?
44. What are the functions of an agent/distributor?
45. Where can I find information on international agents and distributors?
46. What are some advantages and disadvantages of using agent/distributors?
47. What information should I try to obtain before deciding on an agent/distributor?
48. How can I assess the performance of my agent/distributor?
49. What information should I send to my agent?
50. What is a contract?
51. What are the standard contractual clauses, penalties, and precautions that should be considered when drafting an agent/distributor contract?
52. What is a sample agent/distributor contract?

## 43. How best can my product be represented in a foreign market?

Samples constitute the most effective method of offering the prospective buyer a preview of your product and also serve to reflect the image of your company. As such, the timely arrival of samples in good condition to the client can have significant consequences for your future exports.

Small quantities of goods should be properly packed so to avoid damage of the product (for example, bottles can be “bubble-wrapped” or packed in shredded paper). The package must be correctly labelled and addressed to the intended recipient.

Two factors must be taken into account when sending samples:

### 1. MEANS

- *Couriers*: these are the most used means of sending samples since they offer a door-to-door service, including transport and Customs clearance. However, it is an expensive option and often many products cannot be legally sent this way. Companies conducting this business in Guyana are D.H.L. Worldwide Express, Federal Express, United Parcel Service, National Pride, and LAPARKAN Ltd.
- *Cargo consolidators*: these are used in cases where very large volumes of samples are being sent. Cargo consolidators, such as LAPARKAN, and Universal Airlines, also offer a door-to-door service and include customs clearance.
- *Registered mail*: This is a less popular option since the package will take a longer time to reach its final destination, as well as, it reduces the size of a parcel that one can send.
- *Regular mail system*: This is used particularly when the parcel is small and contains non-perishable items. This also tends to be the cheapest option, but there is no guarantee of arrival and slow delivery is an obvious disadvantage.

### 2. CUSTOMS

- Especially for larger parcels, the exporter will have to fill out a commercial invoice from the port of export stating that the product is a sample with no commercial value (i.e. it is not being sold). This will exempt the exporter from having to pay any duties.
- Commercial invoicing is a lengthy process, but it is the only way to transport large products that cannot be sent via courier
- Precisely describe in your invoice the article that you are sending. For example, if you are sending a pair of trousers you should indicate: “ladies trousers, 100% cotton, spring model, etc.”

Choose the most suitable way of sending samples according to the product and ensure that the samples reach the client on time and in good condition.

## RESOURCES

New Guyana Marketing Corporation (NGMC) Robb and Alexander Streets, Bourda, Georgetown; Tel: 592-227-1630

Guyana Shipping Association, c/o John Fernandes Ltd., lot 1 Water Street, Georgetown; Tel: 592-226-3241; Email: enquiries@jf-ltd.com

## 44. What are the functions of an agent/distributor?

A distributor represents one or more manufacturers or service organizations in an independent sales function. The distributor serves related but non-competitive lines in a well-defined and exclusive territory, and is compensated primarily on a commission basis for goods shipped or billed from the factory of the company represented.

The distributor supplies valuable services such as:

- Credit reports
- Marketing information
- Sales analysis and
- Design engineering (in some cases).

Typically, a distributor receives credit for all sales within the territory. As part of the sales operation, the distributor maintains a sales office, compensates sales personnel, and assumes responsibility for all sales expenses. The distributor has little, if any, control over pricing and terms and does not take title to goods.

Benefits and necessity of contracting with an in-country distributor:

- A distributor can easily identify and communicate with the foreign market
- A distributor is more familiar with local business practices
- A distributor is more familiar with a specific industry in a foreign market
- A distributor acts as the manufacturer's "eyes and ears," letting him/her know of acceptance or resistance to a product and the adjustments that may have to be made to the product
- A distributor can aid in obtaining necessary import licenses or other regulatory approvals, clearing goods through local customs, and arranging for delivery
- A distributor can install products and provide service for repairs, guarantees and warranties
- The laws of some foreign countries prohibit a foreign company from selling its products locally unless it has established a local representative who will ensure the continued availability of parts, provide necessary servicing, and be "present" in order to stand behind the products

Advantages of selling through a distributor:

- Sales of one product can "trigger" sales of other products
- Provides more complete coverage in specific geographical areas and markets
- Provides objective evaluation of new products
- Sales costs are known: distributor is paid only for orders received and shipped
- Distributor has local acceptance (i.e., he is a permanent resident of his selling territory)
- Provides quick response to customer problems due to his/her residency in the export market
- Provides quick entry into the market
- Reduces cost for sales and product training

Disadvantages of selling through a distributor:

- Lack of control of sales personnel
- Lack of in-depth product knowledge
- Less detailed sales reporting is available
- Distributor may not be as familiar with technical concerns in certain situations
- Since the distributor relies solely on commission, without the "perks" of other sales professionals, motivating the distributor may prove difficult

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## RESOURCES

Trade Secrets: The Export Answer Book for Small and Medium-Sized Exporters, produced by the International Trade Centre is a useful base document. For further information consult <http://export2.2rad.net/Tutorial/Secrets/TSCover.htm> .

## 45. Where can I find information on international agents and distributors?

There are a variety of sources available, nationally, regionally and internationally to the exporter on potential business partners/agents/distributors. These including the following:

- GO-INVEST
- Ministry of Tourism, Industry and Commerce
- New Guyana Marketing Corporation
- Foreign embassies and consulates resident in Guyana
- Commercial banks
- Trade and export directories
- Trade representatives
- International trade fairs and exhibitions
- Market research consultants
- Foreign newspapers/magazines
- Manufacturers associations abroad
- Chambers of Commerce
- Guyana's Embassies, High Commissions and Consuls
- The Internet such as:  
<http://www.trading.com>  
<http://www.tradenet.org>  
<http://www.europages.com>  
<http://www.trade.com>

Selecting an agent/distributor can be a very tedious process, but it is necessary to ensure that one is receiving adequate benefits for monies expended.

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### RESOURCES

There are a number of useful international web sites available to the exporter. These include those listed above, as well as <http://www.intracen.org> and <http://www.tradeport.org> that provide a range of market research, financial and market information generally.

## 46. What are some advantages and disadvantages of using agents/distributors?

A distributor is a business person who buys merchandise from the producer and sells it in turn to the foreign market. Bear in mind that the distributor is your overseas representative. Care should therefore be taken in selecting a distributor for your product.

Using an agent/distributor can present the exporter with the following advantages and disadvantages:

### ADVANTAGES

- The product develops a presence in the overseas market with which final consumers can associate with it
- The producer's sales and technical network is widened (recommended for those products requiring after sales service)
- Foreign distributors often offer finance for promotional campaigns

### DISADVANTAGES

- Loss of control over the product
- The distributor can on occasion fix the price of the product
- The distributor might have insufficient market experience
- The firm is not in direct contact with the consumer
- The distributor may also be selling the products of your competitors

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### RESOURCES

The web site [http://www.tradeport.org/ts/trade\\_expert/strategy/rep/decide.html](http://www.tradeport.org/ts/trade_expert/strategy/rep/decide.html) offers the exporter a directory on trade and links to other useful sites.



## 47. What information should I try to obtain before deciding on an agent/distributor?

In order to evaluate and select potential distributors, it is recommended that exporters analyse the distributor's company taking into account the following criteria:

- Goals and strategies – arrangements for handling inventories
- Size of the firm – after sales service capacity
- Financial strength – use of promotion
- Reputation and security – carrying out of sales
- Areas of business covered – Public relations
- Accountability – good communication facilities
- Experience – sales history and attitudes
- Sound knowledge of the domestic market – technical knowledge of the product
- Extensive coverage of the target market – location and number of showrooms, proven ability to conduct market research
- Type and number of product lines managed
- Clear sales organization and procedures – physical set-up
- Size of sales force
- Whether your agent has a sense of professionalism
- Familiarity with the product that you wish to market
- References from previous exporters

There is no easy way or blueprint that an exporter can use to determine whether he/she is getting a fair deal from an agent/distributor. One method available to the exporter, however, is to conduct periodic checks and investigations to ensure that the product is getting the kind of publicity expected.

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### RESOURCES

The web site [http://www.tradeport.org/ts/trade\\_expert/strategy/rep/decide.html](http://www.tradeport.org/ts/trade_expert/strategy/rep/decide.html) offers the exporter a directory on trade and links to other useful sites.

## 48. How can I assess the performance of my agent/distributor?

The exporter – distributor relationship is crucial in that it will eventually determine the effectiveness and competitiveness of the exporter's product. An exporter may evaluate a distributor's performance according to the following checklist below:

An effective distributor should:

- Purchase sufficient quantities
- Maintain an extensive product inventory
- Process orders quickly and efficiently
- Deliver frequently with minimum delays
- Do efficient invoicing
- Save labour costs
- Take credit risks (e.g. financing credit terms to buyers)
- Arrange overseas transportation
- Pay advertising or promotion costs
- Provide warranty or repair service

An effective distributor should also be able to reduce the manufacturer's costs in the following areas:

- Order taking/customer service
- Warehousing/selection and staging
- Billing/credit checking/losses
- Processing of accounts receivable
- Sales communication
- Order tracking

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### RESOURCES

Trade Secrets: The Export Answer Book for Small and Medium-Sized Exporters, produced by the International Trade Centre is a useful base document. For further information consult <http://export2.2rad.net/Tutorial/Secrets/TSCover.htm> .

## 49. What information should I send to my agent?

In deciding what type of information you should send to your business partner, bear in mind that you would basically supply the same type of information that you would try to obtain from him as a potential importer. The following is a possible guideline.

- Give relevant facts about your company:
  - ✓ Its reputation
  - ✓ Strength(s) in the local market,
  - ✓ Your product(s),
  - ✓ The export markets you already deal with (if applicable)
  - ✓ Explain how your company is organized, and
  - ✓ Provide brochures on your product and the company
- Indicate whether you have dealt with customers in his country on any previous occasion
- Give your company's sales figures and balance sheet
- Explain specifically your organization's strong points
- Provide information on your plans and strategies

The depth and scope of the information sent would depend on whether your business partner is an agent, exporter or distributor.

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### RESOURCES

CBI Export Planner . CBI, P.O. Box 30009, NL- 3001 DA Rotterdam, The Netherlands, Tel: (31) 10 201 3434; Fax: (31) 10 411 4081; Email: [cbi@cbi.nl](mailto:cbi@cbi.nl), web site <http://www.cbi.nl>. This is a concise guide to export planning and implementation.

## 50. What is a contract?

A contract is an agreement enforceable by the law between two or more persons to do or abstain from doing some act or acts. The intention is to create legal relations and not merely to exchange mutual promises.

In order to decide whether a contract has come into being, it is necessary to establish that there has been agreement between the parties. It must be shown that an offer was made by one party called the “Offeror” and that it was accepted by the other party called the “Offeree”.

**An Offer:** An offer is an announcement of a person’s willingness to enter into a contract. An offer may be made to a particular person or a number of persons.

**Termination of Offer:** If an offer is not turned into a contract by acceptance, it may be 'terminated', that is, it may lose its ability to be converted into a contract. First, an offer may be rejected. This destroys the efficacy of the offer in so far as the particular offeree is concerned. The result is that it is no longer open to the offeree to change his mind, and accept the offer after all, unless indeed the offeror renews the offer.

**Revocation:** The general rule is that an offer may be revoked, i.e. withdrawn, at any time before acceptance. If there is an option attached to the offer that the offeror agrees to give seven (7) days for acceptance, the offeror need to keep the offer open for seven (7) days but can revoke it without incurring legal liability unless the offeree has given some consideration for the option. Where consideration, for example, a payment of, or a promise to pay, money, has been given by the offeree the offeror may still revoke his offer and sell the property which was the subject-matter of the offer to someone else. He will, however, be liable to an action for damages for breach of option. It was thought at one time that where the option to buy property was not supported by consideration, the offer could be revoked merely by its sale to another.

**Rejection of Offers:** Express rejection of an offer has the effect of terminating the offer. The offeree can not subsequently accept the original offer.

**Lapse of Time:** If a time for acceptance has been stipulated then the offer lapses when the time has expired. If no time has been stipulated then acceptance must be within a reasonable time, and this is a matter of fact for the judge to decide on the circumstances of the case.

**Death:** Death after an offer has been accepted cannot affect the validity of a contract. There are, however, cases where either the offeror or the offeree dies before the offer is accepted. If the offeror dies, the offer does not seem to terminate automatically (except where the offer is clearly of such a type that it must end on death). However, the offeree cannot accept the offer once he knows of the death of the offeror. The effects of the death of the offeree is still being debated and have not been decided conclusively. However, uncontradicted dicta suggest that the offer lapses in such an instance.

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### RESOURCES

Ministry of Legal Affairs, 95 Carmichael Street, North Cummingsburg, Georgetown, Tel: 592-226-2616-8; Fax: 592-222-0732

## 51. What are the standard contractual clauses, penalties, and precautions that should be considered when drafting an agent/distributor contract?

Standard contractual clauses of representative contracts include appointment, sales and promotion, duration of agreement, minimum quantities, payment and terms, legal compliance, intellectual property protection, non-competition, confidentiality, assignment, termination notice, governing law, and prior agreements. Following are hints on how to structure a protective contract:

- Make the contract of a fixed duration (perhaps a six-month or two-year period).
- Include a cancellation clause (reasons could include lack of orders within a specified period of time; failure of agent to pay; if agent become financially insolvent, etc.). Changes to the agreement cannot occur without the written authorization of both the exporter and the agent.
- Define the sales territory (e.g., city, region, country, multi-country) and the products covered.
- Ensure that the agent agrees not to promote, market, or sell products that are directly competitive with your products. The agent should be authorized to sell merchandise that is complementary to the exporter's products.
- You as the seller must agree not to authorize another agent to establish a sales base in your agent's territory.
- Quote all prices in a universally accepted currency, i.e. US dollars.
- The delivery date should be the day upon which the order is available for pickup at the seller's facility. If a sale is lost because of late delivery, the seller must compensate the agent on a reasonable basis for such late delivery. Include a clause of non-liability for late delivery beyond the manufacturer's reasonable control.
- Payment for all products should be in the form of an irrevocable letter of credit.
- The agent should agree to order a set percentage of annual purchases. The seller must reserve the right to establish a minimum charge for orders. Unsold items should be returned only at the written authorization of the seller. At the same time you should aim to resolve issues relating to the determination of the repurchase price after deducting the return transportation costs, damage, and deterioration from the original purchase price.
- All disputes arising from the contract should be settled under the Rules of Conciliation and Arbitration of the International Chamber of Commerce. Make sure that the award will be binding in the distributor's country.
- Products must be free from defect for (x) days from the date of use or purchase by the buyer.
- The seller must reserve the right to make design changes, improve design, or change specifications. Also, the manufacturer must reserve the right to change prices, terms and conditions at any time.
- The seller shall not be liable if failure to enforce the contract are the result of Force Majeure circumstances such as floods, earthquakes, transportation strikes, labour disputes, or any other conditions beyond the control of the seller.
- Clarify tax liabilities, payment and discount terms, etc.

- Governments are very protective of their agents, representatives, and distributors. Many courts will insist on compensation being paid to the representative for loss of income and on reimbursement for the cost of establishing the territory in the event of "unjust" termination, even at the end of a contract period. The cost of a legal agreement drafted before there is a problem between the distributor and the manufacturer can save you thousands of dollars in the long run. It is critically important that you seek the advice of an experienced international trade attorney before making any agreements.

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## RESOURCES

Ministry of Legal Affairs, 95 Carmichael Street, North Cummingsburg, Georgetown, Tel: 592-226-2616-8; Fax: 592-222-0732

## 52. What is a sample agent/distributor contract?

I/We \_\_\_\_\_ (company name) headquartered in \_\_\_\_\_ (city, region, state, country) offer you the opportunity to act for our company as our exclusive sales representative, subject to the terms and conditions in the sales territory named below. The territory to be covered by you is as follows:

- Exempted from your sales territory and your commissions are the following accounts:
- It is understood that the addition or deletion of accounts is open for review at all times. The right to reject any and all orders is unqualifiedly reserved.
- I/We will pay you the following rates of commission: The foregoing percentages will be applicable to all sales credited to you, except sale of merchandise as may be offered by us at less than regular price, in which case you will be advised of the rate of commission prior to offering merchandise at such price.
- Commissions will not be computed or paid on discount allowances that may be included in the selling prices of the merchandise.
- Commissions as stated above will be paid to you only when the buying, warehousing and disbursing offices are located within your territory. Commissions will be computed and paid only on orders accepted and shipped. All commissions will be paid to you on the 15th of the month following date of shipment.
- Under the following conditions, your commissions will be debited: (a) for any commissions paid to you on orders shipped and subsequently returned. (b) for any commissions paid when the account becomes insolvent or bankrupt before they have remitted to us in full for any unpaid balance.
- It is requested that you accord full cooperation to all direct representatives of the company in your territory and that you will follow our instructions in this connection.
- All travel and incidental expenses will be borne by you. You will not assume responsibility for any expenditure for this company. You will not make statements to customers regarding terms, deliveries, and conditions not specifically authorized by us in writing. You will at all times quote prices from price lists furnished to you by us and take orders only at the prices which we shall specify for individual accounts or trade classifications.
- The relationship hereby established between us does not constitute that of employer and employee but that of independent contractors.
- You are not authorized to enter into any contract or agreement in the name of or on behalf of this company.
- There are no understandings or agreements relative to this contract that are not fully expressed herein and no changes shall be made in this contract unless reduced to a new written contract signed by both parties.
- This agreement between the parties hereto shall continue in force until terminated by either party upon thirty (30) days notice by registered mail to the last known address, and within the said thirty (30) days, you are to return any and all samples, catalogues, price lists, and other materials belonging to us.

ACCEPTED:

Signature: \_\_\_\_\_

Typed Name: \_\_\_\_\_

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip, Country: \_\_\_\_\_

Date: \_\_\_\_\_

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## RESOURCES

Ministry of Legal Affairs, 95 Carmichael Street, North Cummingsburg, Georgetown, Tel: 592-226-2616-8;  
Fax: 592-222-0732



# 8

## PRICING FOR EXPORT

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### FUNDAMENTAL QUESTIONS

- 53. How do I set prices for my product?
- 54. How do I determine if my price is competitive?
- 55. What do buyers look for when deciding to purchase a product?
- 56. How do I negotiate a price with potential buyers?
- 57. How should I respond to an unsolicited enquiry from abroad about my product prices?
- 58. Where can I obtain information on current market prices for my product?
- 59. What is a pro forma invoice?
- 60. What is a purchase order?

*Appendix 8(a): Sample of a Cost Quote*

*Appendix 8(b): Sample Pro Forma Invoice*

*Appendix 8(c): Sample Purchase Order*

## 53. How do I set prices for my product?

Pricing the product remains one of the most important issues for exporters, though it is advisable that product quality and other benefits be also stressed in negotiating a selling price. In calculating your price only include expenses that are applicable to the exported product, such as raw materials costs, labour costs; factory overhead expenses; and insurance.

Many exporters commence negotiations to market their product by limiting their discussions to pricing issues often neglecting to highlight the benefits to be derived from using the product, as well as, quality assurance and timely delivery schedules. Before entering into negotiations, it is important to do your HOMEWORK! In this regard, know or be in a position to assess:

- Customers' preferences
- Market demand for the product
- The level of competition that your product is expected to face
- Benefits, preferences, tariffs and/or non-tariff barriers (NTB)
- The prices being quoted by your competitors for their products
- The method of distribution being used by your competitors
- The promotion tools and messages required

Furthermore, do not be rigid in your negotiations, be flexible and be in a position to provide a counter-proposal when bargaining. Your counter-proposal should be informed by information on the costs of:

- Your production operations,
- Freight insurance,
- Packing, and
- Related expenses

Therefore, when pricing your product (*Appendix 8(a)*):

- Take all costs you would have incurred in producing and exporting the product
- Ensure that your price is at least equal to your costs
- Attach a suitable mark-up or profit margin
- Set this mark-up at a point at which you think you can commence negotiations, do not be tempted to set it too high because this may make your product uncompetitive
- Ensure your price is competitive with those of your competitors

Before concluding your pricing negotiations, be sure to identify the method of payment, payment schedules, currencies of payment, insurance, commission rates, warehousing costs, after-sales servicing responsibilities, and costs of replacing damaged goods. Agreement on these points constitutes an integral part of the price package.

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### RESOURCES

Costing and Pricing for Export (handbook) (1989) ITC Publication, ITC/UNCTAD/WTO, Palais des Nations, 1211 Geneva, 10 Switzerland, Tel: 41(022) 730 01 11; Fax: 41 (022) 730 0905, Email [itcreg@intracen.org](mailto:itcreg@intracen.org), Web site <http://www.intracen.org>. Course on costing and pricing for export.

## 54. How do I determine if my price is competitive?

The quickest and simplest way of determining if your product is price competitive is by comparing the selling price of your product with the same or similar products in the market place

When comparing prices, it is useful to consider the following questions:

- Is the price of your competitors higher or lower than your own selling price?
- What is the image of such products in the marketplace?
- Are the products considered "top of the line"?

### **PRICING POLICY**

- *High-pricing strategy:* While the urge is often to set a price higher than those of your competitors, such a strategy is only advisable if your firm is selling a unique or new product which is also in high demand, or if the firm wishes to establish a high-quality image for the product. The main benefit with this approach is high profit margins. Conversely, selecting a high-price strategy can limit the product's marketability and will probably attract competition to that market.
- *Low-price strategy:* This strategy is useful if you want to dispose of excess or obsolete inventory. The low-price strategy is generally considered a short-term strategy. Although it tends to discourage new competition and might reduce your competitors' market share, the result will be low profit margin. Moreover, you risk giving the wrong impression to the market that you are not serious about a long-term commitment to an international market or that you possess a low-quality product. Additionally, depending upon the market structure, you may precipitate a price war, lowering profits even further.
- *Moderate price strategy:* This is a relatively safe alternative as it enables a firm to meet the competition and at the same time retain an adequate profit margin, and develop and expand market share. Moderate pricing can lead to a long-term position in the market.

**ALWAYS** know or have a fair idea about your competitors' prices prior to market entry

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### **RESOURCES**

Strategy and Tactics of Pricing: A Guide to Profitable Decision Making, by T. Nagle and R Holden (1994) Prentice Hall. Email: [web\\_tech\\_support@prenhall.com](mailto:web_tech_support@prenhall.com). This book explains the concepts that are essential to integrate pricing successfully into the marketing strategy.

## 55. What do buyers look for when deciding to purchase a product?

It is important to remember the three “P”s that influence the buying decision. They are “product”, “price” and “performance”. Normally, buyers have in mind a combination of the following factors while making any buying decision:

### ***Product Related:***

- Quality and Guarantees
- Technical Specifications
- Design and Drawings
- Patent and Proprietary considerations
- Environmental aspects
- Packaging, labeling and marking

### ***Price Related:***

- Price
- Escalation clause, if any
- Terms of Payment

### ***Performance Related:***

- Delivery schedules
- Continuity of supplies
- Transportation arrangements
- Spares and after-sales service
- Warranties
- Confidentiality

The guaranteed quality of the product, its conformity with specified or international standards and proper packaging, labeling and markings can be major selling factors. High quality also tend to offset considerations of after-sales service.

Price is a critical factor, but does not by itself tilt the buying decision unless combined with the product related factors.

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## RESOURCES

**Performance Appraisal of Exporting Enterprises.** International Trade Centre UNCTAD/WTO, Palais des Nations, 1211 Geneva, 10 Switzerland Tel: (41-22) 730 01 11; Fax: (41-22) 733 44 39; E-mail: [itcreg@intracen.org](mailto:itcreg@intracen.org); Website: <http://www.intracen.org>.

## 56. How do I negotiate a price with potential buyers?

In negotiating a price with your potential buyer, be prepared to ask questions and to convince the buyer why he/she should pay the price you are quoting. The price, however, should not be unreasonable and therefore uncompetitive.

It is customary for potential buyers to haggle with exporters for a better selling price. If the buyer indicates that the initial price quoted is too high, seek to find out on what basis a decline is being requested and stress the other virtues of your product, such as quality, uniqueness, etc. An immediate eagerness to lower prices may be an indication that further price cuts are possible and gives the impression that your pricing strategy is arbitrary.

In some instances, a buyer may indicate truthfully, or as a ruse, that better offers have been received from other exporters. Ask for more details on such offers and convince the buyer that your firm has a better offer. However, if the buyer makes a counter-offer or requests a price discount, avoid adjusting your previous position without requesting something in return but without jeopardizing loss of interest, for example, "If I give you a 10% price discount, would you arrange for surface transport including storage costs?" In providing an offer:

- Find out the quantities involved,
- Determine if there will be repeat orders, and
- Negotiate who pays for storage, publicity, and after-sales service.

If the buyer readily accepts the price quoted, it may be an indication that you are charging less than your competitors. In such an event, here are some things you can do. After fulfilling the first order:

- Recalculate your costs
- Check your competitors' prices,
- Contact other potential buyers to get more details on market conditions,
- Review the pricing strategy, and
- Agree to the order as a trial order only.

Negotiating a price is a skill, which must be informed by the volume and value of information you have at your disposal

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### RESOURCES

Strategy and Tactics of Pricing: A Guide to Profitable Decision Making, by T. Nagle and R Holden (1994) Prentice Hall. Email: [web\\_tech\\_support@prenhall.com](mailto:web_tech_support@prenhall.com). This book explains the concepts that are essential to integrate pricing successfully into marketing strategy.

## 57. How should I respond to an unsolicited enquiry from abroad about my product prices?

As an exporter, you are encouraged to respond to all enquiries from overseas unless you know a particular foreign entity is untrustworthy or fraudulent

In responding to queries about your product, it is advisable that you send a quotation and pro forma invoice to the interested party and run a background check on the foreign company, through the Internet and Go-Invest. Depending upon the outcome of your background check, you can then negotiate a deal or decline the offer.

A typical enquiry often seeks to access information on your product in the following areas:

- Product specifications,
- General information, and
- Price

Additionally, most foreign customers may not know the product well enough to simply place an order, as such, be prepared to send samples or a brochure on your product(s). Also, many may want to know shipping schedules and terms of sale. Once again, you are encouraged to always respond, thanking the company for the interest, because you never know what you may be missing. However, if you could not supply at the time, inform the company that you will follow up at a later date.

Do not make any promises unless you plan to fulfill your obligations. Furthermore, set out conditions that you know you can achieve. For example, if you state that you can ship on a particular day, make sure that you do.

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### RESOURCES

Costing and Pricing for Export (handbook) (1989) ITC Publication, ITC/UNCTAD/WTO, Palais des Nations, 1211 Geneva, 10 Switzerland, Tel: 41(022) 730 01 11; Fax: 41 (022) 730 0905, Email [itcreg@intracen.org](mailto:itcreg@intracen.org), Web site <http://www.intracen.org>. Course on costing and pricing for export.

## 58. Where can I obtain information on current market prices for my product?

- The Guyana Office for Investment is involved in the promotion of Guyana as a destination for investment and exports, and along with the New Guyana Marketing Corporation, facilitate the entry of Guyanese goods and services into external markets.
- The International Trade Centre (ITC) serves and monitors major markets for fresh fruits and vegetables, cut flowers, spices, and other raw materials. The ITC prepares market briefs on the specific markets. These reports detail import and export rates, consumer preferences, duty rates and other market access information, such as, prices, sales promotion, market opportunities and other contact information.
- The USAID-Guyana Economic Opportunities Project is now compiling a database in conjunction with GO-INVEST on export markets for Guyanese products.
- Foreign market information reports are useful for groups working with government organizations. In particular, they tend to have information on agricultural trends, pricing, and product opportunities.
- The Internet is also a useful source of information on market prices for specific products, such as, <http://www.trading.com>, <http://www.tradenet.org>, <http://www.europages.com> and <http://www.trade.com>

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### RESOURCES

The International Trade Centre web site <http://intracen.org> is a worthwhile site for market information and prices on such items as fruits, vegetables, fresh flowers and rice.

## 59. What is a pro forma invoice?

A pro forma invoice is to inform the buyer of the types and quantities of goods to be sent, the value of the goods, and other important specifications

A pro forma invoice:

- Is provided by the exporter prior to the shipment of the product
- Is a binding agreement that can protect against currency fluctuations, can be used to apply for foreign exchange, or open a letter of credit.
- Is NOT a sales invoice, although it may look identical to the sales invoice.

A pro forma invoice includes (*APPENDIX 8(b)*):

- Insurance and shipping costs,
- Delivery point,
- Terms of payment,
- Volumes and shipping weights,
- Prices,
- Product descriptions, and
- A list of requested products.

Exporters are encouraged to quote their prices in a universally accepted currency, i.e., US dollars, as this will help to protect the firm from risks associated with currency fluctuations.

While the above captures the essence of a pro forma invoice, individuals preparing the pro forma should draft the document according to the specific needs and nuances of the transaction. Furthermore, it is in your best interest to clarify all terms of shipping and payment between you and your buyer before presenting your pro forma invoice.

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### RESOURCES

The web site [http://www.tradeport.org/ts/trade\\_expert/details/quotes/sample\\_pro.html](http://www.tradeport.org/ts/trade_expert/details/quotes/sample_pro.html) is a worthwhile site for pro forma invoices.



## 60. What is a purchase order?

A purchase order from a foreign importer acts as confirmation to the exporter that his product or service is desired and that the terms of sale set forth in the pro forma invoice are agreeable. The purchase order also acts as an internal control on spending for the exporter

A purchase order is usually used to buy low-value, low-risk goods and services that are relatively straightforward to specify (such as the supply and delivery of hardware and software). You will normally issue a purchase order after you have received a quotation from a supplier of the goods and services that you wish to buy. Alternatively a purchase order may be used to buy goods and services against an existing framework agreement. In either case, a purchase order will constitute acceptance of an offer made by a supplier: it will create a legally binding contract unless you have amended the offer in some way, which would then make your order a counter-offer.

Essential elements of a purchase order include (*Appendix 8(c)*):

- A description of the goods or services,
- The cost of goods or services,
- Names and addresses of seller and buyer,
- The terms of sale,
- The method of transportation and designated port, and
- Date on which the goods are required.

You should always give your purchase orders unique reference numbers and date them. The date is important as suppliers often quote delivery in days or weeks rather than giving a specific calendar date. In such circumstances, you may need a base date to ascertain when goods or services are due.

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### RESOURCES

The web site [http://www.tradeport.org/ts/trade\\_expert/details/quotes/sample\\_pro.html](http://www.tradeport.org/ts/trade_expert/details/quotes/sample_pro.html) is a worthwhile site for information on purchase orders.

### ***Appendix 8(a): Sample of a Cost Quote***

<b>Sample Cost-Plus Calculation of Product Cost</b>		
	Domestic Sale	Export Sale
Factory price	\$7.50	\$7.50
Domestic freight	.70	.70
Subtotal	8.20	8.20
Export documentation		.50
Subtotal		8.70
Ocean freight and insurance		1.20
Subtotal		9.90
Import duty (12 percent of landed cost)		1.19
Subtotal		11.09
Wholesaler markup (15 percent)	1.23	
Subtotal	9.43	
Importer/distributor markup		2.44
Subtotal		13.53
Retail markup (50 percent)	4.72	6.77
<b><i>Final consumer price</i></b>	<b><i>\$14.15</i></b>	<b><i>\$20.30</i></b>

### **Appendix 8(b): Sample Pro Forma Invoice**

PRO FORMA INVOICE			
<b>FROM:</b>  Innovation Technologies 98 Regent & Camps Streets. Lacytown Georgetown Guyana Tel: 592-228-3000 Fax: 592-228-3200		<b>DATE:</b> July 1, 2002 <b>Reference No.:</b> 3245 <b>Payment Terms:</b> Cash <b>Country of Origin:</b> Guyana <b>Estimated Date of Shipment:</b> 60 days <b>Quote Valid Through</b> October 1, 2002	
<b>SOLD TO:</b>  Grupo Estevez, S.A. de C.V. Tamales No. 1 Piso 2 18378 Cd, Polanco, Mexico		<b>SHIPPED TO:</b>  Juarez Industriale 454 Blvd. Cortez 1114 Mexico D.F. Mexico	
Quantity	Description	Unit Price	Total Price
100 each	Computer Motherboards Five (5) sealed cartons Gross Weight: 10 lbs. each	US \$ 50.00	US \$ 5,000.00
		EX-FACTORY	5,000.00
		EX-FACTORY	100.00
		FREIGHT FORWARDER FEE	1,200.00
		AIR FREIGHT	20.00
		INSURANCE	100.00
		CIF MEXICO	250.00
		TOTAL	US\$6,670.00
Price, availability and delivery subject to confirmation at time of order  <b>Authorized Signature</b> _____  <b>Date</b> _____			

### **Appendix 8(c): Sample Purchase Order**

#### **Purchase order**

Name and address of purchaser:.....  
 .....  
 Tel no:..... Fax no:.....

<b>To:</b>  	<b>Order number:</b>  <b>Date:</b>
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Further to your Quotation no. ...., please supply and deliver the goods or services specified below to:

.....  
*(enter name and address of your client or other address as applicable)*

The stated prices include carriage but are exclusive of Value Added Tax.

The stated goods or services shall be delivered no later than .....*(enter date)*.

This order is subject to ..... *(enter the title of the conditions of contract/purchase that apply)*

Item	Quantity	Description	Unit price (US\$)	Total value (US\$)
<b>Unit price (including carriage, but exclusive of VAT)</b>				<b>US\$</b>

Invoices, quoting the order number, should be submitted for payment to:

.....  
*(enter the name and address of your business or other address as appropriate)*

**Signed:** .....

**Name:** .....

**Title:** .....

***This order is not valid unless it is signed. Please acknowledge receipt of this order.***

# 9

## EXPORT RULES AND REGULATIONS

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### FUNDAMENTAL QUESTIONS

61. Do I need a license to export my product to a particular market?
62. Where can I obtain legal advice on exporting?
63. What are the kinds of contracts that can be used by an exporter to secure the sale of his goods abroad?
64. How do I determine which is the correct type of contract for my business?
65. What documents are required to allow my product to be cleared the Guyana Customs and Trade Administration for export?
66. Where can export documents be obtained and who can assist me with filling them out?
67. What happens if the buyer finds delivery unacceptable?
68. How do I protect my trademark overseas?
69. What are preferential tariff arrangements and what effect can they have upon my exports?

## 61. Do I need a license to export my product to a particular market?

Whether you require a license to export or not is primarily based on what products you intend to export. However, approval has to first be obtained, in many instances, from the responsible agency before the Licensing Division of the Ministry of Tourism, Industry and Commerce issues an export license

Items that are subjected to export licensing are:

Product	Approval Agency
Poultry Feed	Ministry of Agriculture
Rice Bran	Ministry of Agriculture
Rice Chips, Rice Dust, Rice Stock Feed	Ministry of Agriculture
Beet sugar and cane sugar in solid form	Guyana Sugar Corporation
Fertilizers	Ministry of Agriculture
Hides and skins	National Abattoir
Feathers, birds skins with feathers	Wildlife Management Authority, Office of the President
Feathers prepared, ornamental feathers and other articles of feather	Wildlife Management Authority, Office of the President
Gold Jewellery	Guyana Gold Board and Guyana National Bureau of Standards
Diamonds or precious metal or rolled precious metal	Guyana Geology and Mines Commission
Copper waste and scrap	Ministry of Tourism, Industry and Commerce
Arms and Ammunition	Ministry of Home Affairs

### RESOURCES

Customs and Trade Administration of the Guyana Revenue Authority, 34 Main Street, North Cummingsburgh, Georgetown, Guyana. Tel: 592-225-6931-7

## 62. Where can I obtain legal advice on exporting?

In handling the export market, it is important to ensure that you have a binding contract to reduce the risk of your firm being exploited.

In Guyana, many exporters engage in trade without the use of legally binding contracts. Many exporters rely on the trust factor, commonly referred to as the “gentlemen’s agreement”. In such cases, the invoice is the main means of communication between exporter and importer.

However legal advice can be sought from the Lawyers listed below:

- Chapman and Trotman  
228 South Road  
Lacytown  
Tel: 592- 226-5043  
Fax: 592-227-0944
- Hughes, Fields and Stoby  
62 Hadfield Street  
Werkenrust  
Tel: 592-225-8914/226-4978  
Fax: 592-225-7996
- Britton, Hamilton and Adams  
220 South Road  
Lacytown  
Tel: 592-226-6658  
Fax: 592-226-2610
- Cameron and Shepherd  
2 Avenue of the Republic  
Stabroek  
Tel: 592-226-2671-3
- Glen Hanoman  
First Federation Building  
6 Croal Street  
Stabroek  
Tel: 592-225-5271  
Fax: 592-225-5271
- K. A. Juman-Yassin & Associates  
34 North Road and King Street  
Robbstown  
Tel 592-226-3851  
Fax: 592-225-3875
- Kashir A. Khan  
Lot 5 Avenue of the Republic and Robb Street  
Tel: 592-226-2803  
Fax: 592-225-2935

- Mc Doom and Co.  
215 South Road  
Lacytown  
Tel: 592-227-1546  
Fax: 592-226-1469
- Narendra Singh  
215 South Road  
Lacytown  
Tel: 592-223-7656



## 63. **W**hat are the kinds of contracts that can be used by an exporter to secure the sale of his goods abroad?

### ***Agency Contract***

- In an agency relationship, the sales representative solicits orders on behalf of your firm and is typically paid a commission on sales made and/or a salary. An agent does not take title or possession of the goods and does not bear the risk of non-payment from the customer. An agent may or may not be granted authority to bind your company and you may have a right to accept or reject an order. Additionally, in agency agreements, sales prices and conditions are set by your firm. The exporter is therefore provided with greater flexibility and control in determining the conditions of sale for his products in the foreign market. However, the disadvantage of using the agency contract is that the exporter will have to bear full direct responsibility for the promotion of his brand in the foreign market.

### ***Distributor Agreement***

- In a distributor relationship, generally the sales representative takes title and possession of the product (i.e., buys the product for resale) and bears the risk of non-payment by the customer. Distributors do not have actual authority to bind your company; however, your right to prevent sales is limited. In distributor agreements, sales prices and conditions are generally set by the distributor and cannot be controlled by your company. However, in a distributorship agreement, the principal may set minimum wholesale and at times minimum retail prices. Overall, the advantage of using a distributor agreement is that generally the distributor has responsibility for promoting your brand. The distributor therefore has among his many duties to make sales and product introduction calls to the chain buyers, obtain authorisation from the buyers to place products in stores, provide sales and profit reports to the retailer, deliver to each store and provide advertising programmes.

### ***Consignment Agreement***

- In a consignment agreement, the foreign company (Consignee) does not purchase the product at time of shipment but agrees to pay insurance and transportation costs both ways. Title to the product remains with the supplier (Consignor) during the period of the agreement. If a sale occurs during the consignment period, the Consignee pays the Consignor. If a sale does not take place during the consignment period, the Consignee may:
  1. Purchase the product at the predetermined price,
  2. Return the product in re-saleable condition to the Consignor's warehouse or to another location selected by the Consignor, or
  3. Request an extension of the consignment agreement.

4. The Consignee is usually a stocking distributor who does not have the desire and/or financial ability to purchase the product but has a showroom in a key location for display, promotion and sale of the Consignor's product. Consignment agreements are becoming more popular in international trade as many developing countries restrict credit available to firms representing foreign interests.

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## RESOURCES

Export Link. Coleman Research Corporation's Export Sales and Marketing Manual. Export USA Publication, 1997, 9302 Lee Highway, Suite 800, Fairfax, VA 22031. Tel: (800) 876-0624; Fax: (703) 293-7829, Email: [export-link@mail.crc.com](mailto:export-link@mail.crc.com) <http://www.export-link.com>. This publication provides practical assistance information to exporters.

## 64. How do I determine which is the correct type of contract for my business?

It is in the exporter's interest to investigate at all times the laws of the country to which he is exporting, since certain laws would be more favourable for certain contracts. A critical part of this investigation should focus on obtaining information from local experienced exporters to the particular country who are members of the local chamber of commerce or manufacturers' association. Their experience would place the exporter in a better position to understand and assess the potential market from a first-hand point of view.

Other factors to determine the best contract for your business include:

- The nature of the products being exported must also be considered.
- In certain cases, it is more convenient to give exclusive rights to the distributor due to the nature of the product involved. Especially when dealing with a new product which would need intensive marketing, to have one distributor with exclusive rights to the product would mean that he would be more focused on it and it would get all the necessary attention.
- Different production lines require different agreements. If a firm has various branches for instance, each with its own particular production line, a different agreement would apply in each case. It would be most unlikely that an individual would be granted an exclusive contract to market all the production lines. Having various markets means greater competition, henceforth, the need for different contracts to be drawn up.

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### RESOURCES

Trade Secrets: The Export Answer Book for Small and Medium-Sized Exporters by the TIDCO/ITC, Division of Trade and Industry, 14 – 17 Victoria Square, Port of Spain, Trinidad and Tobago. Tel: 625-3593/8431; Fax: 625-5335; Email [trade-info@tidco.co.tt](mailto:trade-info@tidco.co.tt) web site <http://wwwtradepoint.tidco.co.tt>

## 65. What documents are required to allow my product to be cleared through the Guyana Customs and Trade Administration?

The Customs Act Chapter 82:01 specifies that the following documents may be required before products are exported from Guyana:

- C72 Customs Declaration (Import/Export) Form
- Invoices
- Additional Documents wherever applicable:
  - ✓ Certificate of Origin (CARICOM, EURI, CARICOM/Columbia, Caribbean, etc);
  - ✓ Export Licence (varies depending on the product being exported)
  - ✓ CITES Certificate for wildlife;
  - ✓ Ministry of Agriculture for Fisheries Permit; and
  - ✓ The Guyana Gold Board for precious and semi-precious minerals

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### RESOURCES

Customs and Trade Administration of the Guyana Revenue Authority, 34 Main Street, North Cummingsburgh, Georgetown, Guyana. Tel: 592-225-6931-7

## 66. Where can export documents be obtained and who can assist me with filling them out?

Completing export documents can be a significant task for some exports. In such cases, it is advisable to hire a customs broker whose business is to transact all customs related issues pertaining to imports and exports.

Export Documents can be obtained from the following Places:

- Guyana National Printers  
1 Public Road  
La Penitence  
Georgetown
- CCS Guyana Ltd  
Camp Street  
Georgetown
- Guyana Stores  
Main Street  
Georgetown
- Any Customs Broker

### ***Completing Export Documentation***

- In Guyana (a customs broker) can assist in the completion of the various forms. However, it is recommended that a licensed customs broker complete the forms since many of the forms are highly specialized documents, which require sound technical knowledge to complete. It has been said that the determination of the code alone requires an in-depth knowledge of the customs tariff. Other information such as the regime, the value for duty, the calculations of duties and taxes, require knowledge and experience which can only be provided by someone who has had specialized training and the comprehension of customs matters.
- Rejects cause a great deal of wasted time in the Guyanese Customs and Trade Administration. The interruption in the flow of an export/import document which must be returned to the importer/exporter and then reinstated into the flow means a considerable loss of time. It is rhetorical to ask if licensed customs brokers do not make mistakes. After all, they are humans, but it is felt that their mistakes are significantly lower.

You can expect your customs broker to charge you a fee that is proportional to the total CIF value of your shipment. The charge will also depend on the category of goods in which you are dealing, and the number of different documents that your broker will have to prepare. **THIS FEE MUST BE NEGOTIATED BETWEEN YOURSELF AND THE BROKER.**

## 67. What happens if the buyer finds delivery unacceptable?

The decision to be taken, if delivery is unacceptable, is based on the negotiated contracts between the two parties.

In some cases the commodity is:

### ***Returned***

- The commodity may be returned in cases where the product could be sold in the local market or sold in another market.

### ***Dumped***

- Perishable goods such as fruits and vegetables are usually dumped because they are perishable goods. A certificate is then issued by the relevant agency in the importing country.

If a buyer is returning goods considered unacceptable, the import corresponding documents must be presented to the customs authority in Guyana. It is strongly recommended that the serial number be quoted to verify the authenticity. In such instances also, it is important that you identify clearly in your sales agreement, who will be responsible for transporting, etc., if the goods have to be returned. However, it is important to stress that if goods are returned because of poor product quality, this may well affect your marketing ability subsequently. As such, be sure to have samples available for potential buyers and ensure that your final product is a replica of your samples. While unforeseen factors, such as, transportation delays can also have similar impacts, they are more likely to be overcome.

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## RESOURCES

*A Step by Step Guide to Exporting.* Published by Team Canada Inc. Cost: free. Downloadable at website [http://exportsource.gc.ca/heading\\_e.cfm?HDG\\_ID=2](http://exportsource.gc.ca/heading_e.cfm?HDG_ID=2) Contents include: *Tips for export success, identifying products or services with export potential, and your own export-ability.*

## 68. How do I protect my trademark overseas?

A trademark is any sign that is capable of being represented graphically and which is capable of distinguishing the goods or services of one undertaking from those of other undertakings. Such signs may include words, personal names, designs, letters, the shape of goods and packaging.

### ***Register Business in Foreign Country***

- To protect one's trademark internationally, one must be first registered locally. Registration in foreign countries is necessary if an individual or company is to maintain an exclusive position in the marketplace. In some countries, registration in one state/city is enough to protect your business in the entire country. But in countries like the United States, you can establish national rights by using and seeking to register a mark, or you can reserve it nationwide by filing a Federal application stating that you intend to use the mark. This will ensure that your product is protected, by blocking others from registering confusingly similar ones.
- The owner of a registered trademark can sue for infringement of his/her registration if someone else uses the same or a similar mark on the same or similar goods and/or services for which the mark is registered.
- General Registration Process
  - ✓ Submit application forms along with processing fees.
  - ✓ Produce actual mark to relevant trademark agency
  - ✓ A search will indicate if the mark is in use or not, and if not:
    - A Certificate of Registration will be issued
    - This certificate will be valid for the time specified on the form or in other cases; the mark can last as long the product is in use.

### ***Registering in Guyana does not give protection abroad***

A Guyanese application can be used as the basis of an application for an international registration covering any or all countries that are signatory to the Protocol of the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (1981). However, finding out if anyone is using one's trademark can be very expensive and time consuming. Most times, the incentive to 'cheat' is based upon the uniqueness of your product and the market share that it might be controlling.

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## RESOURCES

Ministry of Legal Affairs, 95 Carmichael Street, North Cummingsburg, Georgetown, Tel: 592-226-2616-8; Fax: 592-222-0732

## 69. What are preferential tariff arrangements and what effect can they have upon my exports?

Preferential tariff arrangements are favours extended to some trading partners, and usually consist of lower tariffs or non-application of some non-tariff measures (*see Section 3 for a discussion of the various Trading Agreements to which Guyana is a signatory and how these agreements may benefit you*).

- Preferential tariffs are part of preferential trade agreements that afford market access conditions to specific trading partners that are more favourable than the non-discriminatory, most-favoured-nation (MFN) treatment prescribed by the World Trade Organisation (WTO).
- Preferential market access may be reciprocal in customs unions, such as CARICOM and EU, and free trade areas, such as the North American Free Trade Area (NAFTA). It can also be non-reciprocal, as is the case with the Caribbean Basin Initiative and the Cotonou Agreement.
- Generally, preferential tariff arrangements work in favour of local exporters. This is so because usually, either their products are exempt, or they are eligible for lower tariffs which makes their prices more competitive on entering the foreign market. However, where Guyana may find itself outside a free trade area, the exclusion from such free trade areas may mean that Guyana's exports are less competitive upon entering the foreign market.

Traditionally, Europe and CARICOM have been the two most important markets for Guyanese non-traditional exports, with Guyana having a net trade balance with Europe. However, with growing volumes of Guyanese and West Indian populations in North America, there is the increasing possibility of exploiting these niche markets. As such, exporters are advised to acquaint themselves with the trading agreements that Guyana has signed with these various countries/areas, so that they can benefit. However, Guyanese exporters are strongly advised against basing their competitiveness on prices only.

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### RESOURCES

The web site <http://www.wto.org> is the official site of the World Trade Organisation and provides a range of information on trade, economic and trade policies, statistics and information on the objectives and functions of the WTO.



# 10

## MARKET ACCESS

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### FUNDAMENTAL QUESTIONS

70. What are sanitary and phytosanitary regulations?
71. What are import tariffs and how will they affect my exports?
72. What is an import quota and how will it affect my exports?
73. What are non-tariff barriers and how will they affect my exports?
74. What are the regulations and duties I need to be aware of when exporting within CARICOM?
75. What is the Harmonised Tariff System Classification?
76. How do I know what regulations and duties will impact upon my exports?
77. How do I know what tariffs are applied to my product in a particular country?
78. What is HACCP and what are the benefits of having such a system?
79. What are the advantages of obtaining a bar code and how can it be acquired?

## 70. What are sanitary and phytosanitary regulations?

Sanitary and phytosanitary regulations are known as quarantine measures and are used at borders to protect human or animal and plant life or health from risks arising from additives, contaminants, toxins or disease-causing organisms. They comprise restrictions and non-tariff barriers established as obligatory standards. They tend to cover fresh or processed agricultural and fisheries products.

Sanitary and Phytosanitary regulations seek:

- To protect human life from plant- or animal-carried diseases,
- To protect animal or plant life from pests, diseases, or disease-causing organisms, and
- To prevent or limit other damage to a country from the entry, establishment or spread of pests.

These include sanitary and phytosanitary measures taken to protect the health of domestic agriculture, of fish and wild fauna, as well as of forests and wild flora in the importing country.

Sanitary and phytosanitary measures are implemented to control:

- The process of production
- Laboratory tests
- Certification processes
- Control procedures and pesticide and fertilizer inspections
- Quarantines
- The determination of zones free of plagues and sicknesses
- Export and import procedures

It is vital that exporters or potential exporters familiarize themselves with the sanitary and phytosanitary measures that apply to their products before attempting to penetrate foreign markets. ALL foreign markets require some form of sanitary or phytosanitary certification presently.

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### RESOURCES

The Plant Quarantine Division of the Ministry of Agriculture. Cheddi Jagan International Airport, Timehri for further information on Phytosanitary regulations.

The Food and Drug Department of the Ministry of Health, Mudlot, Kingston; Tel: 592-263-4711/226-8337 for further information on sanitary regulations

## 71. What are import tariffs and how will they affect my exports?

An import tariff is a tax or fee collected on imported goods. Generally speaking, a tariff is any tax or fee collected by government. Sometimes a tariff is used in a non-trade context, as in railroad tariffs. However, the term is much more commonly applied to a tax on imported goods.

There are two ways in which tariffs may be levied: specific tariffs and ad valorem tariffs.

**Specific Tariff:** A specific tariff is levied as a fixed charge per unit of imports. For example, the US government levies a 5% specific tariff on every wristwatch imported into the US. Thus, if 1000 watches are imported, the US government collects \$50 in tariff revenue. In this case, \$50 is collected whether the watch is a \$40 watch or a \$5000 Rolex.

**Ad valorem Tariff:** An ad valorem tariff is levied as a fix percentage of the value of the commodity imported. “Ad valorem” is Latin for “on value” or “in proportion to the value.” The US currently levies a 2.5% ad valorem tariff on imported automobiles. Thus if \$100,000 worth of autos are imported, the US government collects \$2,500 in tariff revenue. In this case, \$2,500 is collected whether two \$50,000 BMWs are imported or ten \$10,000 Hyundias.

Always verify the import tariffs of your target market and ascertain whether import tariffs are applied on the FOB value of the product or the CIF value as these will tend to vary among countries and agreements.

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### RESOURCES

Customs and Trade Administration of the Guyana Revenue Authority, 34 Main Street, North Cummingsburgh, Georgetown, Guyana. Tel: 592-225-6931-7

## 72. What is an import quota and how will it affect my exports?

An import quota is a limitation on the quantity of goods that can be imported into a country during a specified time period, usually a year.

There are two basic types of quotas, ***absolute quotas*** and ***tariff-rate quotas***.

### ***Absolute quotas***

- Absolute quotas limit the quantity of imports to a specified level during a specified period of time.

### ***Tariff rate quotas***

- Tariff rate quotas allow a specified quantity of goods to be imported at a reduced tariff rate during the specified quota period. Thereafter a tariff is applied.

Import quotas can:

- Drive up the domestic price of the commodity,
- Restrict domestic consumption, and
- Protect local producers from foreign competition.

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## RESOURCES

Customs and Trade Administration of the Guyana Revenue Authority, 34 Main Street, North Cummingsburgh, Georgetown, Guyana. Tel: 592-225-6931-7

## 73. What are non-tariff barriers and how will they affect my exports?

Non-tariff barriers (NTB) are devices other than tariffs and quotas designed to reduce the flow of imports into a country. Like tariffs, NTBs deny the benefits of comparative advantage to efficient and competitive exporters. They can also lead to an inefficient allocation of resources because affected exporters are forced to invest in inefficient markets.

### Government Procurement Policies

- A Government Procurement Policy requires that a specified percentage of purchases must be made from domestic firms rather than foreign firms. Such a policy does not take into consideration for example price. Its intent is contained in a local expression “support your own” or “buy local”.

### Red Tape Measures

- Red-tape barriers refer to costly administrative procedures required for the importation of foreign goods. Red-tape barriers can take many forms.
  1. **Multiple Licences:** One such example is where multiple licenses must be obtained from a variety of government sources before importation of a product is allowed.
  2. **Pre-shipment Inspection:** Pre-shipment inspection is the practice of employing specialized private companies (or independent entities) to check shipment details - essentially price, quantity and quality of goods ordered overseas. These goods are then subject to further scrutiny upon arrival at local ports.
  3. **Rules of Origin.** “Rules of Origin” are the criteria used to define where a product was made. These are an essential part of the trade rules because a number of policies discriminate between exporting countries: quotas, preferential tariffs, anti-dumping actions, countervailing duty (charged to counter export subsidies). For example, a product made in Guyana may not attract duties in most CARICOM countries but the same commodity produced outside of CARICOM may attract a substantial amount of duties. Many countries also argue that rules of origin are also used to compile trade statistics and as such the “made in ...” labels are important.

### Technical Regulations and Standards

- Many countries implement technical regulations and Standards with the implicit or explicit purpose of erecting trade barriers. For example:
  1. Domestic tax on automobiles in France based on horsepower is possibly discriminatory against more powerful American cars.
  2. Minimum Deposit Requirements - Law requiring importers to deposit, at no interest, a sum equal to half the value of imports.
  3. Health requirements - hormone treated American beef is not allowed into the EU.

4. Restrictions on service trade: Foreign banks can open only a limited number of branches in China
5. Anti-dumping regulations – special import duties imposed when a firm, following an enquiry, is assessed as having sold a product in the importing market at a price below the one it charges for the same product on its home market.
6. Lack of regulation on intellectual property rights and piracy - reduce volume of trade.
7. Local Content Requirement: To sell cars in many countries, foreign manufacturers must certify that a certain percentage of the car has been produced locally. Japanese cars made in the US can be exported to the EU without the constraint of the quota on Japanese car imports only if the cars have 80% or more US content.
8. Environmental and ecological regulations – Many products and processes often have to be ISO certified before they can enter certain markets, showing that they have been produced or harvested using sustainable development or sustained yield practices.

Whatever the reason behind these various restrictions, the effect is to make it more difficult to enter your product into the country imposing the restrictions. It is strongly advised that before attempting to export, exporters familiarize themselves with the various regulations and measures they must fulfill to avoid costly delays at customs or problems in entering the target market. Upon arrival in the export country your goods can be held up pending inspection, adding to your costs or they may be denied entry altogether. Therefore it is important to determine beforehand what these restrictions might be.

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## RESOURCES

Customs and Trade Administration of the Guyana Revenue Authority, 34 Main Street, North Cummingsburgh, Georgetown, Guyana. Tel: 592-225-6931-7

## 74. What are the regulations and duties I need to be aware of when exporting within CARICOM?

Often, depending on the goods that are being exported, it may be necessary for the exporter to procure an export license, to obtain approval from the relevant government agency, and/or to present standard export documentation, an Airway Bill or Bill of Lading and a Certificate of Origin.

### The Common External tariff of the Caribbean Common Market

- At a special Meeting of the Common Market Council held in Kingston, Jamaica, in July 1990, the Common External Tariff (CET) for the Caribbean Common Market was adopted. The agreement came about because of the increasing emphasis on trade reform and trade liberalization and the enlargement and deepening of regional economic co-operation among member states.
- The agreement initially aimed at improving the efficiency of the productive sectors and enhancing competitiveness through the gradual removal of tariffs over a five-year period, commencing on the 1 January 1993. Since that time many of the countries have agreed to a revised structure as illustrated in the table below

ELEMENTS	STATUS	ACTION REQUIRED
<b>FREE MOVEMENT OF GOODS</b>		
Implementation of Rules of Origin (Schedule I of Revised) structured on 1996 HS	Ten (10) Member States have implemented Rules of Origin-Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St Kitts and Nevis, Saint Lucia, St. Vincent and Grenadines, Trinidad and Tobago	Antigua and Barbuda, Montserrat, Suriname to implement Rules of Origin structured on 1996 HS
Implementation of Revised Structure of CET based on 1996 HS	Ten (10) Member States have implemented Revised Structure-Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St Kitts and Nevis, Saint Lucia, St Vincent and Grenadines, Trinidad and Tobago	Antigua and Barbuda, Montserrat and Suriname to implement Revised Structure.
Removal of unauthorized import (or equivalent) duties on goods of Community Origin	<p>Belize applies a Revenue Replacement Duty on a specific list of goods of Community Origin;</p> <p>Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St Lucia, St Vincent &amp; the Grenadines apply Customs Service Tax on Goods of Community Origin.</p> <p>Jamaica applies a Customs Users Fee (JM\$300 – 600) on goods of Community origin.</p>	<p>Belize to remove application of import duty on goods of Community Origin.</p> <p>Member States applying Customs Service tax to ensure that charges reflect the cost of processing imports rather than as a tariff.</p>
Removal of export duties on goods of Community Origin	With the exception of Suriname, which applies an export tax on lumber, no other Member States apply export duties on goods of Community Origin.	Suriname to remove the application of the export tax on lumber.
Removal of discriminatory Internal Taxes and Other Fiscal Charges	<p>Discriminatory Environmental Levy applied by Antigua and Barbuda and Barbados on goods of Community origin.</p> <p>Discriminatory Environmental Tax applied by Belize;</p> <p>Discriminatory Environmental</p>	

	<p>Surcharge applied by Dominica, Grenada and Guyana.</p> <p>Discriminatory bottle Deposit Levy applied by St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines.</p> <p>A discriminatory Standard Compliance Fee is applied by Jamaica on all imported goods of Community origin</p> <p>An Inspection Fee is applied by Trinidad and Tobago on certain goods of Community origin.</p> <p>A Statistics Fee and a Consent Fee are applied by Suriname on all imports of Community origin.</p> <p>Discriminatory Consumption Tax applied by Antigua and Barbuda on all imports of community origin; and by Guyana on imports of apparel of Community origin.</p> <p>Montserrat applies a Special Produce Import Tax on wine, beer and rum of Community origin.</p>	
Removal of unauthorized import licenses on goods of Community Origin	Import licences applied by Antigua and Barbuda, Dominica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines and Suriname on various goods of Community origin.	Antigua and Barbuda, Dominica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines and Suriname to remove unauthorized import licensing on goods of Community origin.

## RESOURCES

Useful sources of assistance are the GO-INVEST of 190 Camp and Church Streets, Georgetown, Guyana, Tel: 592-225-0653, Fax: 592-225-0655, web site <http://www.sdn.org.gy/goinvest> and the Customs and Trade Administration of the Guyana Revenue Authority, Main Street, Georgetown, Guyana, Tel: 592-225-6931-7



## 75. What is the Harmonized Tariff System Classification?

The Harmonised Tariff System is a system for classifying goods traded internationally. It is embodied in the International Convention on the Harmonised Commodity Description and Coding System that is managed by the World Customs Organisation.

The Harmonised System:

- Provides a common international system for coding, describing and classifying goods for commercial purposes

Each product has an individual code. Exporters who become more experienced with market research can use the code to determine export volumes, prices, and services into target or potential markets.

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### RESOURCES

Dictionary of Trade Policy Terms. Walter Goode, Centre for International Economic Studies, Adelaide University, SA 5005 Australia Tel: (618) 8303 5672; Fax: (618) 8223 1460; Email: [cies@adelaide.edu.au](mailto:cies@adelaide.edu.au).

## 76. How do I know what regulations and duties will impact upon my exports?

The nature of the goods to be exported and the intended destination are important elements in determining regulations that will impact on your products. In most instances, documents required are determined by the regulations imposed on specific items.

The major documents that the exporter needs to be familiar with are:

- Export license
- Customs Entry Form
- Commercial Invoice
- Certificate of Origin
- CARICOM Common Market Declaration and Certificate of Origin (for CARICOM exports)
- Generalised System of Preference Certificate of Origin (for US exports)
- EUR1 Form (exports to Europe)
- Certificate of Value
- Sanitary and phytosanitary certificates (for export of live animals, certain foods and plants)
- Certificate of Inspection
- Bill of lading
- Shipping Bill
- Airway Bill

For further information in terms of what documents may be required, kindly contact the Customs and Trade Administration of the Guyana Revenue Authority.

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### RESOURCES

Customs and Trade Administration of the Guyana Revenue Authority, 34 Main Street, North Cummingsburgh, Georgetown, Guyana. Tel: 592-225-6931-7

## 77. How do I know what tariffs are applied to my product in a particular country?

The Customs and Trade Administration maintains a database on the tariffs imposed by a number of countries on goods from Guyana. For countries not in the database, the CTA can often source this information in a relatively short time.

Guyana, like the rest of the Caribbean, has signed a number of trade agreements that regulate tariff levels. These are:

### ***Caribbean Basin Initiative (CBI)***

- Guyana is a CBI beneficiary. The CBI is a broad programme to promote economic development through private sector initiative in the Central American and Caribbean countries. The CBI agreement provides customs duty free entry to the United States on a permanent basis for a broad range of products from CBI beneficiary countries. Such products are electronics, decorative accessories, handicraft, wood products, sporting goods and toys, fresh and frozen seafood, tropical fruit products, ethnic and speciality foods, spices, liqueurs, jams, ornamental horticulture and medical supplies.

### ***Cotonou Agreement***

- This agreement extends preferential treatment to many products from African, Caribbean and Pacific (ACP) nations, allowing them to enter the European Community duty-free and without quota restrictions. Only products originating from ACP countries qualify for this preferential status.

### ***CARIBCAN***

- This is the Canadian government's programme that provides duty-free access to the Canadian markets for most Commonwealth Caribbean exports. All products, with the exception of textiles and apparel, footwear, luggage and handbags, leather, garments, lubricating oils and methanol, are eligible for duty-free status. Eligible products must be certified as being grown or manufactured in the Commonwealth Caribbean. Further, they must have a minimum input of 60% of the ex-factory price of goods (including overhead and reasonable profits) originating in any Commonwealth countries or in Canada.

### ***CARICOM/Venezuela Agreement***

- This agreement aims at strengthening trade relations between CARICOM and Venezuela. It promotes one-way duty-free access to the Venezuelan market. It is also for the stimulation and creation of regional joint ventures.

### ***CARICOM/Columbia Agreement***

- This agreement promotes trade between CARICOM and Columbia, with particular emphasis on exports from CARICOM states.

As a registered firm, you need to ensure that your product adheres to the legal stipulations of the intended market.

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### **RESOURCES**

Customs and Trade Administration of the Guyana Revenue Authority, 34 Main Street, North Cummingsburgh, Georgetown, Guyana. Tel: 592-225-6931-7

## 78. What is HACCP and what are the benefits of having such a system?

The Hazard Analysis at Critical Control Points (HACCP) system is food safety management that uses the approach of controlling critical points in food handling to prevent food safety problems.

It is an important element in the overall management of food quality and safety. It is more commonly referred to as Good Manufacturing Practices. The introduction of HACCP signaled a shift in emphasis from resource intensive end-product inspection and testing, to preventive control of hazards at all stages of food production. The HACCP system is of particular relevance to the administration of sanitary and phytosanitary measures.

### **Benefits**

- Importing countries, such as the USA, require the mandatory application of HACCP for importers, thereby unilaterally imposing the HACCP system on exporters. It is therefore not an option for exporters to that country.
- The HACCP approach to ensuring food safety is preventive while the traditional inspection is reactive. Thus, HACCP saves more time and money than it costs by eliminating risks that could become health hazards.
- HACCP helps food companies compete more effectively in the world market.

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### **RESOURCES**

Customs and Trade Administration of the Guyana Revenue Authority, 34 Main Street, North Cummingsburgh, Georgetown, Guyana. Tel: 592-225-6931-7  
Useful source of assistance is the GO-INVEST of 190 Camp and Church Streets, Georgetown, Guyana, Tel: 592-225-0653, Fax: 592-225-0655, web site <http://www.sdn.org.gy/goinvest>

## 79. What are the advantages of obtaining a bar code and how can it be acquired?

A bar code (often seen as a single word, *barcode*) is the small image of lines (bars) and spaces that is affixed to retail store items. The code uses a sequence of vertical bars and spaces to represent numbers and other symbols.

Bar codes are used for many purposes to inventory and track items and to take inventory in retail stores. Bar codes are most often seen in supermarkets and retail stores, but a large number of different uses have been found for them. In businesses they are used to track manufacturing and shipping movements.

Since 1973, the Uniform Product Code (UPC), regulated by the Uniform Code Council, an industry organization, has provided a standard bar code used by most retail stores.



The main drawback of a bar code is the initial cost of procurement. These costs are generally offset, however, within the first year of operation and do not recur when additional applications are added to the system.

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### RESOURCES

*A Step by Step Guide to Exporting*. Published by Team Canada Inc. Cost: free. Downloadable at website [http://exportsource.gc.ca/heading\\_e.cfm?HDG\\_ID=2](http://exportsource.gc.ca/heading_e.cfm?HDG_ID=2) Contents include: *Tips for export success, identifying products or services with export potential, and your own export-ability.*

# 11

## INSURANCE

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### FUNDAMENTAL QUESTIONS

80. What are export credit insurance and cargo insurance?

## 80. What are export credit insurance and cargo insurance?

One of the major fears of small exporters is whether they will receive payment for their product. For this reason alone, export credit insurance remains an important tool for small and medium-sized exporters.

Export credit insurance provides:

- A form of financial protection for the exporter against foreign buyers' failure to meet their payments due to commercial and/or political reasons.
- The exporter with the opportunity to penetrate lucrative but higher-risk foreign markets with competitive international payment terms.
- The exporter, and their bankers, with greater financial flexibility in handling overseas transactions.

There are basically two types of insurance available to the local exporter. They are export credit insurance and cargo (marine/air) insurance.

### ***Credit Insurance***

- Credit insurance covers both pre-shipment and post-shipment insurance. It covers the risks that exist between the award of the contract and the shipment of the goods, when the goods are manufactured to order. Exports in the construction industry require the exporter to provide a bank bond to assure the buyer:
  - ✓ That if awarded a contract, on the lines of the tender, the exporter will accept the contract (bid bond),
  - ✓ That down payment and any progress payments will be returned in the event the exporter does not complete the contract (down payment and progress payment bonds), and
  - ✓ That if the exporter fails to perform to specifications, the exporter will forfeit a performance or retention bond.

### ***Cargo Insurance***

#### ***Open Cargo Policy***

An insurance policy will provide the necessary protection and coverage against all these unforeseen events. The form of the insurance policy is likely to be global or specific or some hybrid of the two. In a global policy, the exporter states all his import and countries export orders for cover (with parameters set in his policy) paying a premium on the shipments declared for the appropriate time period.

***Specific Policy***

A specific policy is designed to cover a particular import/export contract. A specific policy will be appropriate if the size of the shipment is large or the order is unique. International sales require insurance covering goods during carriage. The shipping terms used in the sales contract determine whether the importer/buyer or the exporter/seller will arrange for insurance. It is important to note that the risk for loss or damage to the goods passes from the seller to the buyer when the seller has met his/her obligations regarding the delivery of the goods.

***Marine Insurance***

Marine insurance is required but it is not mandatory. Insurance coverage for risks such as fire, sea storm, error of navigation is important. The shipping terms in the sales contract will determine whether the import/buyer or the exporter/seller has the obligation of providing insurance coverage for the carriage of goods. High-value manufactured goods require coverage from damage resulting from handling, theft and riots. Both the importer and the exporter must agree on the precise extent of insurance coverage.

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**RESOURCES**

Exports of SMEs – Exports from Small and Medium-Sized Exporters in Developing Countries: Issues and Perspectives. Cavusgil S.T., Cellich, C. Khan, S.H., Subramanaian, T.S.R., Suttle, A.D. Geneva, ITC UNCTAD/GATT, 1989.

Exports of SMEs – Exports from Small and Medium-Sized Exporters in Developing Countries: Issues and Perspectives. Cavusgil S.T., Cellich, C. Khan, S.H., Subramanaian, T.S.R., Suttle, A.D. Geneva, ITC UNCTAD/GATT, 1989.

The web site <http://www.wto.org> is the official site of the World Trade Organisation and provides a range of information on trade, economic and trade policies, statistics and information on the objectives and functions of the WTO.



# 12

## ***FINANCE AND GETTING PAID***

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### FUNDAMENTAL QUESTIONS

81. How do I assess my export financing needs?
82. How do I choose a bank best suited for my export financing needs?
83. What documentation do I have to prepare when seeking financing?
84. What methods of re-payment are available to me?
85. What is a letter of credit and how can it benefit me?
86. What problems most commonly arise with a letter of credit?
87. How can I ensure that I receive payment?
88. How would a changing foreign exchange rate affect my exports?
89. How would my foreign exchange risks be best covered?
90. Should I quote the CIF or FOB when exporting?
91. How should I go about evaluating my potential importer's honesty, financial status and business record?
92. What are the different ways of obtaining payment from an importer?
93. Do I have to repatriate any of my income to Guyana?

## 81. How do I assess my export financing needs?

Export financing can be a key factor in a successful sale as the important consideration is often whether your firm gets paid or not for goods or services rendered.

For most exporters, what is uppermost in their minds is how quickly they will be paid for their product/service. Conversely, importers normally prefer to delay payment until they have received or resold the goods. Exporters should therefore be aware of the many financing options open to them so that they choose the most acceptable one to both the buyer and the seller. The following factors are important to consider in making decisions about financing:

- **The need for financing to make the sale.** In some cases, favorable payment terms make a product more competitive. If the competition offers better terms and has a similar product, a sale can be lost. In other cases, the buyer may have a preference for buying from a particular exporter, but might buy your product because of shorter or more secure credit terms.
- **The length of time the product is being financed.** This determines how long the exporter will have to wait before payment is received and influences the choice of how the transaction is financed.
- **The cost of different methods of financing.** Interest rates and fees vary. Where an exporter can expect to assume some or all of the financing costs, their effect on price and profit should be well understood before a pro forma invoice is submitted to the buyer.
- **The risks associated with financing the transaction.** The riskier the transaction, the harder and more costly it will be to finance. The political and economic stability of the buyer's country can also be an issue. To provide financing for either accounts receivable or the production or purchase of the product for sale, the lender may require the most secure methods of payment, a letter of credit (possibly confirmed), or export credit insurance or a guarantee.
- **The need for pre-shipment finance and for post-shipment working capital.** Production for an unusually large order, or for a surge of orders, may present unexpected and severe strains on the exporter's working capital. Even during normal periods, inadequate working capital may curb an exporter's growth. However, assistance is available through public and private sector resources discussed in this chapter.

For help in determining which financing options may be available or the most beneficial to your exporting endeavors, the following sources may be consulted:

- Your banker;
- The Go-Invest, or
- Your Chambers of Commerce

Primarily because of the intense competition for export markets, being able to offer attractive payment terms is often necessary to make a sale.

### RESOURCES

For Export Financing Information, see the Trade Information Centre of the U.S. Department of Commerce at web site <http://web.ita.doc.gov/ticwebsite/JGFIN.NSF/7521754277CB208A852565A8006C1C9E/D1635758336C269A852566340070EE29?OpenDocument>; email: [TIC@ita.doc.gov](mailto:TIC@ita.doc.gov); or Tel: 1-800-USA-Trade; Fax: (202) 482 4473

## 82. How do I choose a bank best suited for my export financing needs?

The same commercial bank facilities used to finance domestic activities are often sought to finance export sales until payment is received. Banks do not regularly extend financing solely on the basis of an individual as they prefer to establish an ongoing business relationship.

Export financing has yet to be fully instituted in Guyana. However, in order to meet pre and post credit needs, other than an overdraft facility, an export credit package deal could be negotiated and concluded with commercial banks.

A logical first step for an exporter seeking to finance short-term export sales, for example, is to approach your local commercial bank with which you may have conducted transactions in the past. If you have never had any transactions with a bank, then the best approach is to shop around. If the bank previously extended credit to you, the bank will be familiar with your:

- Financial standing,
- Credit needs,
- Repayment record, and
- Ability to perform.

The bank may be willing to raise the overall limit on an existing working capital line of credit, expand its scope to cover export transactions, or approve a separate line specifically adapted to export-related transactions such as discounting. You may want to choose a bank that not only offers you attractive options, but also is close to your place of business for convenience.

Alternatively, you may wish to approach a commercial bank with an international department. Such a bank will be familiar with export businesses and also be in a position to provide international banking services related to documentary collections and letters of credit, including the discounting of drafts. An intermediate approach is to retain a relationship with your bank, but seek a referral to a correspondent bank that has an international department.

You should visit the bank's international department to discuss:

- Export plans,
- Available banking facilities, and
- Applicable charges.

The exporter may wish to inquire about such matters as:

- Fees for amending or confirming a letter of credit;
- Processing drafts; and
- The bank's experience in working with exporters.

Generally, the bank's representative handling the exporter's account will not be lodged in the international department. It is in the exporter's best interest to create and foster a close working relationship with the international department.

The responsibility for repaying a working capital loan ordinarily rests with the exporter, even if the foreign buyer fails to pay. The bank takes this contingency into account in deciding on an export working capital line of credit. It is to the benefit of the bank and the exporter to improve the quality of the export receivables by using letters of credit, or by making use of credit insurance.

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## RESOURCES

For Export Financing Information, see the Trade Information Centre of the U.S. Department of Commerce at web site

<http://web.ita.doc.gov/ticwebsite/JGFIN.NSF/7521754277CB208A852565A8006C1C9E/D1635758336C269A852566340070EE29?OpenDocument>; email: [TIC@ita.doc.gov](mailto:TIC@ita.doc.gov); or Tel: 1-800-USA-Trade; Fax: (202) 482 4473

*A Basic Guide to Exporting* (1998) prepared by the U.S. Department of Commerce. This document that has a lot of useful information for the potential exporter, can be sourced at <http://www.unzco.com/basicguide/index.html>

## 83. What documentation do I have to prepare when seeking financing?

There is a range of financial institutions from which one can seek loans as well as non-financial institutions (*Appendix 11(a)*). The requirements may vary amongst institutions. However, generally the following are required:

### **Requirements**

- Quotations/estimates for what the loan is to be used
- Some form of identification, i.e., identification card or passport
- A job letter or pay slip
- Certificate of registration
- License, permit or permission letter for the business
- Financial statement or cash flow projections
- Transport, lease or title for the property or land if using any of these as collateral, or evidence of an existing bank account with the commercial bank if using cash security
- Valuation by the Government Valuation Division of property being submitted as security
- Copies of Articles of Association and Memorandum of Association
- Letters from customers
- Letters from suppliers
- Statements of outstanding loans with other banks and/or hire purchase
- Any other information requested by the loan officer.

### **Policies**

Generally, commercial banks prefer to offer secured loans that require cash security, a transport for a property, a lease, or title. For cash security, generally the borrower is required to have an account with the Bank with funds to the value being requested plus 3 months loan interest. Cash is held until the loan is repaid. All persons on the account must sign as agreeing to hold the funds, with interest earned pertaining to the specific account.

In cases of married couples or common law relationships, spouses are required to be a part of the loan or to sign a Letter of Independent Legal Advice. Value of loans tend to range between 60% – 80% of the project cost with customer's contributing between 20% - 40%. A non-refundable application fee of around G\$1,500 is usually charged to process loan applications at some institutions.

### **Other Issues**

In processing your loan application, banks may take into consideration the following factors:

- Capability of the exporter to execute the orders within the stipulated delivery schedule
- Method of payment agreed with the importer
- Period over which finance is required
- Financial viability of the export contract
- Whether the amount asked for is commensurate with the company's projected export turn over
- Whether appropriate arrangements have been made to import the necessary raw materials or components
- The spread of risk

- Whether there is appropriate marine insurance policy
- The status of the letter of credit issuing bank
- Credit rating of the borrower
- Issuance of certificate of compliance by the Guyana Revenue Authority
- Evidence that the company has met all corporate tax commitments
- Issuance of a certificate of compliance from the NIS showing that the company has paid its share of its contribution
- Establishment of a current account with the bank
- Submission of Incorporation documents
- Other lending criteria as stipulated by individual banks.

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## RESOURCES

For further information, contact any of the commercial or non-commercial banking entities, or the Guyana Bankers Association President c/o Scotia Bank, Carmichael Street, Georgetown.

## 84. What methods of re-payment are available to me?

For most transactions within Guyana, there are various re-payment schemes available to the exporter. Some of these are listed below, but these are dependent on the type of institution and that will also determine the kind of financing you are likely to receive.

- ***Commercial Banks***

Since loans given by commercial banks for export purposes fall under their normal loan scheme, commercial banks generally expect to receive a monthly payment on the loans offered. In some cases, the provision of a moratorium is provided to the borrower, but the duration of this will vary from bank to bank. After the moratorium expires the exporter is expected to commence the repayment of the loan at the agreed rate of interest. This repayment is irrespective of whether the exporter is able to collect his compensation from the importer.

- ***Financial Intermediaries/Not-For-Profit-Organizations***

With financial intermediaries, such as the IPED micro-enterprise window or the Scotia-Enterprise, the Group formation principle is applied. The volume of these loans tend to be small, i.e., less than US\$1,000 per person. Once again, there is no special distinction between loans offered to potential exporters and those offered to producers/retailers, etc.

- ***International Financial Entities***

The Multilateral Development Banks (MDBs) are international financial institutions owned by member governments. The MDBs (Caribbean Development Bank; European Bank for Reconstruction and Development; Inter-American Development Bank, and the World Bank Group) have increasingly been providing funds to private sector entities for private projects in developing countries. These are often secured loans. They are managed similarly to the commercial loans obtained from the commercial banks locally.

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## RESOURCES

*A Basic Guide to Exporting* (1998) prepared by the U.S. Department of Commerce. This document that has a lot of useful information for the potential exporter, can be sourced at <http://www.unzco.com/basicguide/index.html>

*A Step by Step Guide to Exporting*. Published by Team Canada Inc. Cost: free. Downloadable at website [http://exportsource.gc.ca/heading\\_e.cfm?HDG\\_ID=2](http://exportsource.gc.ca/heading_e.cfm?HDG_ID=2) Contents include: *Tips for export success, identifying products or services with export potential, and your own exportability.*

## 85. **W**hat is a letter of credit and how can it benefit me?

A letter of credit is an arrangement whereby a bank guarantees on behalf of its customer to make payment to the beneficiary (exporter) *provided* that the exporter has complied with all the terms and conditions of the letter of credit. The foreign buyer applies for issuance of a letter of credit from the buyer's bank to the exporter's bank and therefore is called the applicant; the exporter is called the beneficiary.

### ***Letter of Credit***

- Payment under a documentary letter of credit is based on documents, not on the terms of sale or the physical condition of the goods. The letter of credit specifies the documents that are required to be presented by the exporter, such as an ocean bill of lading (original and several copies), commercial invoice, and an insurance policy. The letter of credit also contains an expiration date. Before payment, the bank responsible for making payment, verifies that all documents conform to the letter of credit requirements. If not, the discrepancy must be resolved before payment can be made. This must be done before the expiration date.
- A letter of credit may either be irrevocable and thus, unable to be changed unless both parties agree; or revocable where either party may unilaterally make changes. A revocable letter of credit is inadvisable as it carries many risks for the exporter.
- A change made to a letter of credit after it has been issued is called an amendment. Banks also charge fees for this service. It should be specified in the amendment if the exporter or the buyer will pay these charges. Every effort should be made to get the letter of credit right the first time since these changes can be time-consuming and expensive.

### ***Benefits of A Letter of Credit***

With this method of payment, the risk lies on the bank, not the buyer. Letters of credit afford one of the highest degrees of protection and assurance of payment if the proper documents are presented in strict conformity with the terms and conditions of the letter of credit.

### ***Steps in Completing A Letter of Credit:***

- Firstly the buyer and seller agree upon the terms of purchase
- Then the buyer applies at the buyer's bank for a letter of credit to cover the transaction
- This bank will then prepare the letter of credit for the seller's bank, whereupon the seller receives the letter of credit
- Next, the goods are shipped
- The seller delivers the proper documentation to his/her bank, which then transmits the documentation to the issuing bank
- The buyer, now assured that the goods have been shipped, makes a payment to the issuing bank



- The issuing bank, in turn, pays the seller's bank
- The proper documents are then released to the buyer to receive the goods from the transporter which assures payment to the seller before the buyer ever sees the goods

### ***Tips for Exporters on conducting a Letter of Credit Transaction***

- Communicate with your customers in detail before they apply for letters of credit. The letter of credit is part of the sales process, not the shipping process!
- Consider whether a confirmed letter of credit is needed - if in doubt, seek advice.
- Ask for a copy of the application to be faxed to you, so you can check for terms or conditions that may cause you problems in compliance.
- Upon first advice of the letter of credit, check that all its terms and conditions can be complied with within the prescribed time limits.
- Many presentations of documents run into problems with time-limits. You must be aware of up to three time constraints - the expiry date of the credit, the latest shipping date and the presentation period - maximum time allowed between dispatch and presentation of documents.
- If the letter of credit calls for documents supplied by third parties, make reasonable allowance for the time this may take to organize.
- After dispatch of the goods, check all the documents both against the terms of the credit and against each other for internal consistency.

### ***Types of Letter of Credit***

- **Irrevocable Documentary Letter of Credit:** This form of letter of credit cannot be canceled or modified without agreement of all parties involved
- **Revocable Letter of Credit:** This form of letter of credit offers fewer guarantees but is more flexible as it can be canceled or modified at any time without the knowledge of beneficiary.
- **Revolving Letter of Credit:** This form is often used in repeated trade transactions with the same client. The funds used for the same or a similar transaction will again be available in the future, usually under the same terms without having to issue a new Letter of Credit.

It is important to remember that a letter of credit is not a sales contract and should never be considered a sales contract. A letter of credit can remain valid even if a sales contract becomes null and void. The letter of credit is to assure the importer (buyer) that the goods are shipped prior to payment and likewise assure the exporter (seller) of payment prior to shipment.

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## **RESOURCES**

For Export Financing Information, see the Trade Information Centre of the U.S. Department of Commerce at web site

<http://web.ita.doc.gov/ticwebsite/JGFIN.NSF/7521754277CB208A852565A8006C1C9E/D1635758336C269A852566340070EE29?OpenDocument>; email: [TIC@ita.doc.gov](mailto:TIC@ita.doc.gov); or Tel: 1-800-USA-Trade; Fax: (202) 482 4473

*Croner's Guide to International Payments (2002)*, by Trade International-Centre contains, useful information on general methods of payment, international trade contract Issues, commercial and transport documentation including bills of lading, and insurance (Credit and Transit) For further information visit their web site at [http://www.mantissa.co.uk/Top3\\_7.htm](http://www.mantissa.co.uk/Top3_7.htm) or <http://www.tradeinternational-centre.net>

## 86. What problems most commonly arise with a letter of credit?

There are some common problems that arise with letters of credit. Many of these problems can be overcome with greater meticulousness and precision. Some of these problems are listed below.

- **Insufficient attention paid to the letter of credit:** This often results in insufficient matching of the letters against the exporter's pro forma quotation. Failure to do this often results in the terms not being precisely met or the letter of credit being invalid. This could subsequently prevent the exporter from being paid.
- **Difficulty in meeting the terms of the letter of credit:** Sometimes, the terms of the letter of credit are impossible to meet, resulting in it being rejected. Additionally, there is often information that is incorrect or misspelled. In such a situation, the exporter can contact the customer immediately and ask for an amendment to the letter of credit.
- **Late Shipping:** The exporter must provide documentation showing that the goods were shipped by the date specified in the letter of credit or the exporter may not be paid. Exporters should check with their freight forwarders to ascertain that no unusual conditions may arise that would delay shipment.
- **Delays:** Documents must be presented by the date specified for the letter of credit to be paid. Exporters should verify with their international bankers that there would be sufficient time to present the letter of credit for payment.
- **Vagueness:** Exporters may request that the letter of credit specify that partial shipments and transshipment will be allowed. Specifying what will be allowed can prevent unforeseen last minute problems.

### Other Problems

- Documents required by the credit are missing.
- Documents required to be signed are not signed.
- The credit amount is exceeded.
- The credit has expired or the documents are presented late.
- The shipment was short or late.

Many of the problems with a letter of credit can be avoided if the exporter keeps in mind that banks pay only the amount specified in the letter of credit - even if higher charges for shipping, insurance, or other factors are incurred and documented.

## RESOURCES

*Croner's Guide to International Payments (2002)*, by Trade International-Centre contains, useful information on general methods of payment, international trade contract Issues, commercial and transport documentation including bills of lading, and insurance (Credit and Transit) For further information visit their web site at [http://www.mantissa.co.uk/Top3\\_7.htm](http://www.mantissa.co.uk/Top3_7.htm) or <http://www.tradeinternational-centre.net>

## 87. How can I ensure that I receive payment?

In international trade, problems involving bad debts are more easily avoided than rectified after they occur.

One way of reducing the risk of non-payment is to conduct credit checks on your foreign importer. Despite this though, just as in a company's domestic business, exporters occasionally encounter problems with buyers who default on their payment. When these problems occur in international trade, obtaining payment can be both difficult and expensive. Even when the exporter has insurance to cover commercial credit risks, a default by a buyer still incurs time, effort, and cost to the exporter to collect a payment. The exporter must exercise normal business prudence in exporting and exhaust all reasonable means of obtaining payment before an insurance claim is honored. Even then there is often a significant delay before the insurance payment is made.

- The simplest (and least costly) solution to a payment problem is to negotiate with the customer. With patience, understanding, and flexibility, an exporter can often resolve conflicts to the satisfaction of both sides. This point is especially true when a simple misunderstanding or technical problem is to blame and there is no question of bad faith. Even though the exporter may be required to compromise on certain points - perhaps even on the price of the committed goods - the company may save a valuable customer and profit in the long run.
- If negotiations fail and the sum involved is large enough to warrant the effort, a company should obtain the assistance and advice of its bank, legal counsel, and other qualified experts. Since arbitration is often faster and less costly, this step is preferable to legal action if both parties can agree to take their dispute to an arbitration agency. The International Chamber of Commerce handles the majority of international arbitration and is usually acceptable to foreign companies because it is not affiliated with any single country.

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### RESOURCES

*Croner's Guide to International Payments (2002)*, by Trade International-Centre contains, useful information on general methods of payment, international trade contract issues, commercial and transport documentation including bills of lading, and insurance (Credit and Transit) For further information visit their web site at [http://www.mantissa.co.uk/Top3\\_7.htm](http://www.mantissa.co.uk/Top3_7.htm) or <http://www.tradeinternational-centre.net>  
*Guide to Exporting from Guyana*. Published by: The Guyana Private Sector Commission (PSC), Cost G\$3,000 obtainable from the PSC 157 Waterloo Street, North Cummingsburg, Georgetown. Tel: (592)-225-0977, Fax: (592)-225-0978 Email: [pscentre@guyana.net.gy](mailto:pscentre@guyana.net.gy) Contents include: *Export procedures, incentive schemes, packaging, financing and insurance, and costing and pricing.*

## 88. How would a changing foreign exchange rates affect my exports?

A buyer and a seller who are in different countries rarely use the same currency. Payment is usually made in either the buyer's or the seller's currency or in a third mutually agreed-upon currency.

### **Risks**

- One of the risks associated with foreign trade is the uncertainty of future exchange rates. The relative value between the two currencies could change between the time the deal is concluded and the time payment is received. If the exporter is not properly protected, a devaluation or depreciation of the foreign currency could cause the exporter to lose money.
- For example, if the buyer has agreed to pay 500,000 Trinidadian dollars for a shipment and the dollar is valued at 20 Trinidadian cents to the US dollar, the seller would expect to receive US\$100,000. If the T&T dollar later decreased in value to be worth 19 US cents, payment under the new rate would be only US\$95,000, a loss of US\$5,000 for the seller. On the other hand, if the foreign currency increases in value the exporter would get a windfall in extra profits.
- Most exporters, are not interested in speculating on foreign exchange fluctuations and prefer to avoid risks by putting various contingencies in place, such as agreeing with the foreign importer to a mutually agreed currency that is universally accepted, i.e., the US dollar or the British pound.
- The particular industry in which the exporter is operating may also be prone to currency risks. More competition in the industry may expose the exporter to currency risks due to price sensitivity.

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### RESOURCES

*A Step by Step Guide to Exporting.* Published by Team Canada Inc. Cost: free. Downloadable at website [http://exportsource.gc.ca/heading\\_e.cfm?HDG\\_ID=2](http://exportsource.gc.ca/heading_e.cfm?HDG_ID=2) Contents include: *Tips for export success, identifying products or services with export potential, and your own export-ability.*

## 89. How could my foreign exchange risks be best covered?

One of the main ways of reducing foreign exchange risks is to use a currency that is both relatively stable on the international market and universally accepted. Generally, the US dollar is applied.

- One of the simplest ways for a Guyanese exporter to avoid this type of risk is to quote prices and require payment in U.S. dollars. Then the burden of exchanging currencies and risk are placed on the buyer. Exporters should also be aware if there are problems with currency convertibility. Not all currencies are freely or quickly converted into U.S. dollars. The U.S. dollar is widely accepted as an international trading currency.
- If the buyer asks to make payment in a foreign currency, the exporter should consult an international banker before negotiating the sales contract. Banks can offer advice on the foreign exchange risks that exist with a particular currency. Some international banks can also help hedge against such a risk, by agreeing to purchase the foreign currency at a fixed price in dollars, regardless of the currency's value at the time the customer pays. Banks will normally charge a fee or discount the transaction for this service. If this mechanism is used, the bank's fee should be included in the quotation price.
- Planning for, or covering, the foreign exchange risk is termed as 'hedging' the risk. Hedging techniques seek to reduce the currency risk by taking some form of compensatory action.

Even with third currencies, some degree of currency fluctuation takes place. Exporters should be aware of this and be cautious about incurring costs based upon projected earnings before receiving payment. The longer one takes to receive payment, the greater is the risk of currency fluctuation.

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### RESOURCES

*Croner's Guide to International Payments (2002)*, by Trade International-Centre contains, useful information on general methods of payment, international trade contract Issues, commercial and transport documentation including bills of lading, and insurance (Credit and Transit) For further information visit their web site at [http://www.mantissa.co.uk/Top3\\_7.htm](http://www.mantissa.co.uk/Top3_7.htm) or <http://www.tradeinternational-centre.net>

## 90. Should I quote the CIF or FOB when exporting?

CIF and FOB are compulsory shipping terms, which must be stipulated in the exporter's terms of the contract.

The choice of quoting either the CIF or FOB lies with the exporter. There are advantages and disadvantages with both terms. The most commonly quoted shipping term by local exporters is the FOB, since it is less complicated relative to the CIF.

### ***Free on Board (FOB)***

This is a terminology used for air, sea and inland waterway transport. Documents required under this arrangement include:

- Invoices of consignment
- Bill of lading, and
- Payment arrangements

Under this method of exporting, the exporter is expected to ensure

- The goods are delivered on board the transporting vehicle
- That he/she provides the buyer with an onboard receipt and has an export license, and
- That all export taxes and loading charges are paid, if not included in the freight charge.

The buyer is responsible for:

- Nominating the carrier,
- Contracting and paying the carrier,
- Paying the discharge and loading costs if not included in the freight charges, and
- Paying the insurance charges.

### ***Cost, Insurance and Freight (CIF)***

Under this arrangement the exporter is responsible for:

- Contracting the carriage,
- Paying the freight to destination,
- Delivering goods on board and providing the foreign importer with an invoice and a bill of lading,
- Obtaining an export license when required, and
- Paying the export tax, when required

The buyers responsibility encompasses accepting the delivery of goods after documents are tendered to him/her and paying the unloading costs if not included in freight charges.

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## RESOURCES

Export Link. Coleman Research Corporation's Export Sales and Marketing Manual. Export USA Publication, 1997, 9302 Lee Highway, Suite 800, Fairfax, VA 22031. Tel: (800) 876-0624; Fax: (703) 293-7829, Email: [export-link@mail.crc.com](mailto:export-link@mail.crc.com) <http://www.export-link.com>. This publication provides practical assistance information to exporters.

## 91. **H**ow should I go about evaluating my potential foreign importer's honesty, financial status and business record?

While exporting can be risky, the returns are substantial. Furthermore, a prudent exporter can take steps to minimize the risks of international trade while maximizing the benefits.

One of the major risks that an exporter faces in international trade is the default of a foreign importer in meeting his/her financial obligations to the exporter, i.e., non-payment for the export goods. There are several checks that the exporter can take to ensure that the risk of non-payment is minimized. The checks that the exporter makes on the importer should involve both a character and a financial/business assessment. The following routes are available to the exporter:

### ***Credit Checks***

This involves assessing the foreign importer's creditworthiness. The exporter can request the bank to get in touch with the foreign buyer's bank or another correspondent local bank to obtain relevant financial information about the importer.

### ***Request Financial Statement***

The exporter can request an audited, recent financial statement from the foreign importer, inclusive of income statement, cash flow and a balance sheet for the previous two years or so. This will assist the importer in assessing the financial status of the importer and his/her ability to meet their financial obligations.

### ***Trade Reference***

The exporter can request that the foreign importer provide trade references, which is where a client of the foreign importer provides the exporter with an account of the creditworthiness and character of the foreign importer. The foreign importer's client acts as a referee for the importer.

### ***Extend Credit Cautiously***

An experienced exporting firm extends credit cautiously. It evaluates new customers with care and continuously monitors older accounts. Such a firm may wisely decide to decline a customer's request for open account credit if the risk is too great and propose instead payment on delivery terms through a documentary sight draft or irrevocable confirmed letter of credit or even payment in advance. On the other hand, for a fully creditworthy customer, an exporter may decide to allow a month or two to pay, perhaps even on open account.

***Stick to the Basics***

Be aware of any unfavorable changes in your customers' payment patterns, refrain from going beyond normal commercial terms, and consult with your international banker on how to cope with unusual circumstances in difficult markets. It is always advisable to check a buyer's credit (even if the safest payment methods are employed).

Being paid in full and on time remain concerns for the exporter. As such, the level of risk in extending credit is a major consideration.

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**RESOURCES**

Export – Import Financing, by G. Warfield, 4<sup>th</sup> Edition (1996) John Wiley & Sons, Inc. 605 Third Avenue New York, NY 10158-0012, USA, Tel: (212) 850 6088, Email: [info@wiley.com](mailto:info@wiley.com), web site <http://www.wiley.com>. This book provides in-depth guide to many aspects of international trade financing.



## 92. **W**hat are the different ways of obtaining payment from a foreign importer?

There are several ways in which exporters can receive payment when selling products abroad, depending on how trustworthy one considers the buyer to be.

Typically with domestic sales, if the buyer has good credit, sales are made on open account; if not, cash in advance is required. For export sales, these ways are not the only common methods. Listed in order from most secure for the exporter to the least secure, the basic methods of payment are:

### ***Cash in Advance***

- Receiving payment by cash in advance of the shipment might seem ideal. In this situation, the exporter is relieved of collection problems and has immediate use of the money. A wire transfer is commonly used and has the advantage of being almost immediate. Payment by check, may result in a collection delay, often defeating the original intention of receiving payment before shipment.
- For the importer though, advance payment tends to create cash flow problems, as well as increase risks. Exporters that insist on this method of payment as their sole method of doing business may find themselves losing out to competitors who offer more flexible payment terms.

### ***Documentary Letters of Credit and Draft***

- Documentary letters of credit or documentary drafts are often used to protect the interests of both exporter and importer. These two methods require that payment be made based on the presentation of documents conveying the title, and that specific steps have been taken. Letters of credit and drafts can be paid immediately or at a later date. Drafts that are paid upon presentation are called sight drafts. Drafts that are to be paid at a later date, often after the buyer receives the goods, are called time drafts or date drafts. Since payment by these two methods is made on the basis of documents, all terms of payment should be clearly specified in order to avoid confusion and delay.
- Banks charge fees - based mainly on a percentage of the amount of payment - for handling letters of credit and smaller amounts for handling drafts. If fees charged by both the foreign and Guyanese banks are to be applied to the buyer's account, this should be explicitly stated in all quotations and in the letter of credit.
- The exporter usually expects the buyer to pay the charges for the letter of credit, but some buyers may not agree to this added cost. In such cases, the exporter must either absorb the costs of the letter of credit or risk losing that potential sale. Letters of credit for smaller amounts can be somewhat expensive since fees can be high relative to the sale.

### ***Open Account***

- In a foreign transaction, an open account can be a convenient method of payment if the buyer is well established, has a long and favorable payment record, or has been thoroughly checked for creditworthiness. With an open account, the exporter simply bills the customer, who is expected to pay under agreed terms at a future date. Some of the largest firms abroad make purchases only on open account.

- However, there are risks to open account sales. The absence of documents and banking channels might make it difficult to pursue the legal enforcement of claims. The exporter might also have to pursue collection abroad, which can be difficult and costly. Another problem is that receivables may be harder to finance, since drafts or other evidence of indebtedness are unavailable. There are several ways to reduce credit risk, through such means as export credit insurance and factoring. Exporters contemplating a sale on open account terms should thoroughly examine the political, economic, and commercial risks. They should also consult with their bankers if financing will be needed for the transaction before issuing a pro forma invoice to a buyer.

### ***Other Payment Mechanisms***

- **Consignment sales:** In consignment sales the goods are shipped to a foreign distributor who sells them on behalf of the exporter. The exporter retains title to the goods until they are sold, at which point payment is sent to the exporter. The exporter has the greatest risk and least control over the goods with this method. Additionally, receiving payment may take quite a while. It is wise to consider risk insurance with international consignment sales. The contract should clarify who is responsible for property risk insurance that will cover the merchandise until it is sold and payment is received. In addition, it may be necessary to conduct a credit check on the foreign distributor.
- **Countertrade:** International countertrade is a trade practice whereby one party accepts goods, services, or other instruments of trade in partial or whole payment for its products. This type of trade fulfills financial, marketing, or public policy objectives of the trading parties. For example, a firm might trade by bartering because it or its trading partner lacks foreign exchange.

Deciding on a payment option is often agreed between the exporter and the importer. However, it is necessary therefore to be flexible.

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## **RESOURCES**

*Croner's Guide to International Payments (2002)*, by the International Trade Centre contains useful information on general methods of payment, international trade contract issues commercial and transport documentation including bills of lading, and insurance (Credit and Transit) For further information visit their web site at [http://www.mantissa.co.uk/Top3\\_7.htm](http://www.mantissa.co.uk/Top3_7.htm) or <http://www.tradeinternational-centre.net>

## 93. Do I have to repatriate any of my income to Guyana?

The financial laws of Guyana are quite liberal, enabling exporters to save all of their earnings outside of the country if they so desire.

There are advantages and disadvantages to saving all or most of your disposable income abroad. The advantages are mainly of a personal nature, while the disadvantages tend to have more national effects. Some of these various impacts are identified below:

### ***Advantages:***

- By saving abroad, particularly in a stable foreign currency, will provide some insulation for the exporter against devaluation/depreciation of the Guyana dollar.
- If most of the exporter's raw materials are imported, this would imply that most of your payments are made in a foreign currency. Having a foreign currency account abroad can make such transactions easier.
- Depending on where these monies are banked, they can be readily available for other purposes.

### ***Disadvantages:***

- Guyana is unable to fully benefit from such trade apart from the employment generated by the economic activity and the taxes collected
- Can put a strain on the foreign currency situation within the country

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## RESOURCES

Guyana Office for Investment (Go-Invest) 190 Camp and Church Streets, Georgetown Guyana, Tel: 592-225-0658/227-0653; Fax: 592-225-0655; web site <http://www.goinvest.gov.gy>

# 13

## QUALITY

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### FUNDAMENTAL QUESTIONS

94. What is a quality standard?
95. How can I ensure that my products meet the quality standards of the intended market?
96. What can I do to guarantee the quality of my raw material inputs?
97. What is ISO 9000 certification?
98. What is ISO 14000 certification?
99. How is ISO certification awarded?
100. What are the benefits of ISO certification and which standards should I pursue?
101. Is the ISO certification process costly?
102. How do I become ISO-certified?
103. What is eco-labeling?
104. Where can information be obtained on standards, inspection bodies and quality associations?

## 94. What is a Quality Standard?

A quality standard outlines requirements for continuous improvements of the production process and services thereby addressing the needs of consumers. The most familiar quality standard is the ISO 9000.

Quality standards are often set based on marketing considerations and that which the customer requires. The quality standards define the methods of managing quality in an organization. These standards are made up of the following:

- Organizational structure
- Procedures
- Processes
- Resources

All of the above are needed in order to implement a comprehensive quality management system to meet quality objectives. A quality system standard defines the method of managing quality in a company to ensure that its products conform to the standard or the requirement that it has set. A firm is free to set any quality standard for its products on the basis of marketing requirements. A quality system standard helps a firm to achieve, consistently, the specified quality levels and consequently, the firm consistently conforms to the required standards.

In a contractual situation, the implementation of ISO 9000 will assist the firm to understand customer requirements.

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### RESOURCES

International Trade Forum, No. 3, (1999). ITC, Palais des Nations, 1211 Geneva 10, Switzerland. Tel: 41 22 730 0111; Fax: 41 22 733 4439. Web site <http://www.intracen.org>. this publication covers focuses on trade promotion, as well as export development and import methods for exporters of developing countries.

## 95. How can I ensure that my product meets the quality standards of the intended market?

Determine the quality standards of the market you intend to enter so that you know what is required of your product. For example, in the European market, consumers have a bias towards products that have been certified under the ISO 9000 standard. As such, if a producer intends to export products to the Europe, he/she will have to develop a management system to address the requirements of the standards.

There are a few general guidelines that can be followed to ensure a certain degree of quality management of your product. These are:

- Offer products that do perform
- Give guarantees and refund if repairs take too much time and money
- Give more than the customer expects
- Avoid unrealistic pricing
- Give the customer the facts
- Build a good relationship with the importer

To ensure that the product meet the quality standards of the intended market, the exporter should contact that country's Standard's Bureau and its Custom's Department.

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### RESOURCES

The Manager's Guide to ISO 9000 by Kenneth Arnold. Free Press, Macmillian Inc., 866 Third Avenue, New York, N.Y. 10022 gives a concise account with regards to export planning and implementation. International Trade Forum, No. 3, (1999). ITC, Palais des Nations, 1211 Geneva 10, Switzerland. Tel: 41 22 730 0111; Fax: 41 22 733 4439. Web site <http://www.intracen.org>. this publication covers focuses on trade promotion, as well as export development and import methods for exporters of developing countries.

## 96. What can I do to guarantee the quality of my raw material inputs?

The final product is usually made up of a number of different raw materials that may have originated from different parts of the globe.

The exporter, in an effort to enhance the product's quality and competitiveness, may strive to ensure that the raw materials input, meet the minimum requirements for the production of a quality product.

To guarantee the quality of raw material inputs the following two steps are necessary

- Use raw materials which are accompanied by a certificate of quality, or
- Test raw material either internally or externally

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### RESOURCES

Useful sources for assistance are the GO-INVEST of 190 Camp and Church Streets, Georgetown, Guyana, Tel: 592-225-0653, Fax: 592-225-0655, web site <http://www.goinvest.gov.gy>, and The New Guyana Marketing Corporation, Robb and Alexander Street, Lacytown, Tel: 592-226-8255.

## 97. What is ISO 9000 certification?

Contrary to popular belief, “ISO” is not an acronym. It is a word that comes from the Greek word “isos” which means equal or same. An ISO 9000 certificate is a written assurance by the certification body or third party that the quality management system covering a specified scope of activities has been assessed and found to be in conformity with a specific ISO 9000 standard.

ISO 9000 is a series of standards that govern the quality systems. While most quality standards are industry specific and govern product quality, the ISO 9000 standards are industry generic and can apply to any type of product because its guidelines govern the systems that produce the product, not the product itself.

It requires a company to establish a Quality Management System that encompasses the following:

- Management Involvement;
- A Defined and Documented Quality System;
- Periodic Inspections;
- Records of Non-conformance;
- A corrective & Preventative Action Programme;
- An Internal Quality Auditing Programme
- A Training Programme
- Productivity measurements

As such, when a company's Quality Management System has been independently audited and satisfies the requirements of ISO, the company will be certified.

For further information contact Guyana National Bureau of Standards (GNBS), located at Sophia Exhibition Site, Greater Georgetown.

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### RESOURCES

Export Quality Management. ITC, Palais des Nations, 1211 Geneva 10, Switzerland. ITC UNCTAD/GATT. This document covers quality requirements and quality assurance of exporters and discusses internationally accepted principles and practice.



## 98. What is ISO 14000 certification?

The ISO-14000 series of international standards have been developed for integrating environmental aspects (those elements of an organization's activities that can interact with the environment) into operations and product standards.

The international committee finalized the ISO 14000 standards for environmental management systems in September of 1996. In a manner very similar to the Quality Management System (QMS) of ISO 9000, ISO 14000 requires implementation of an Environmental Management System (EMS) that complies with the defined internationally recognized standards (as set forth in the ISO 14000 specification). This standard **does not** set detailed prescriptive requirements for the management system; rather structural requirements. The ISO 14000 standard specifies requirements for establishing

- An environmental policy,
- Determining environmental aspects & impacts of products/activities/services,
- Planning environmental objectives and measurable targets,
- Implementation & operation of programs to meet objectives & targets,
- Checking & corrective action, and
- Management review.

**Environmental Policy:** The most important requirement is a commitment by the company and its senior management to achieve a working environmental management system, and to maintain that system. This must be documented in a published environmental policy.

**Documentation:** Certain environmental program elements, including the policy, plans, objectives, etc., must be documented. As with ISO 9000, one of the keys to achieving environmental and financial goals, ISO 14000 EMS must have documented procedures that are implemented and maintained in such a way that achievement of environmental goals appropriate to the type and scale of the firm's activities is promoted inherently, and without a bureaucracy or additional expense.

**Planning:** This planning, or setting of environmental objectives and targets is critical for success. The goals must be reasonable and achievable, and based on practical considerations, not arbitrarily chosen. The procedures must be established for ongoing review of the environmental aspects and impacts of products, activities, and services. Based on these environmental aspects and impacts, environmental goals and objectives must be established that are consistent with the environmental policy. Programs must then be set in place to implement these activities.

**Checking:** The EMS must include appropriate monitoring and review to ensure effective functioning of the EMS and to identify and implement **corrective measures** in a timely manner. Internal audits of the EMS must be conducted routinely to ensure that non-conformity to the system are identified and addressed.

**Management Review:** Designated management must conduct an ongoing review process that ensures top management involvement in the assessment of the EMS, and as necessary, address the need for changes.

When a firm's Environmental Management System has been independently audited and satisfies the requirements of ISO, an independent Auditor certifies the company.

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## RESOURCES

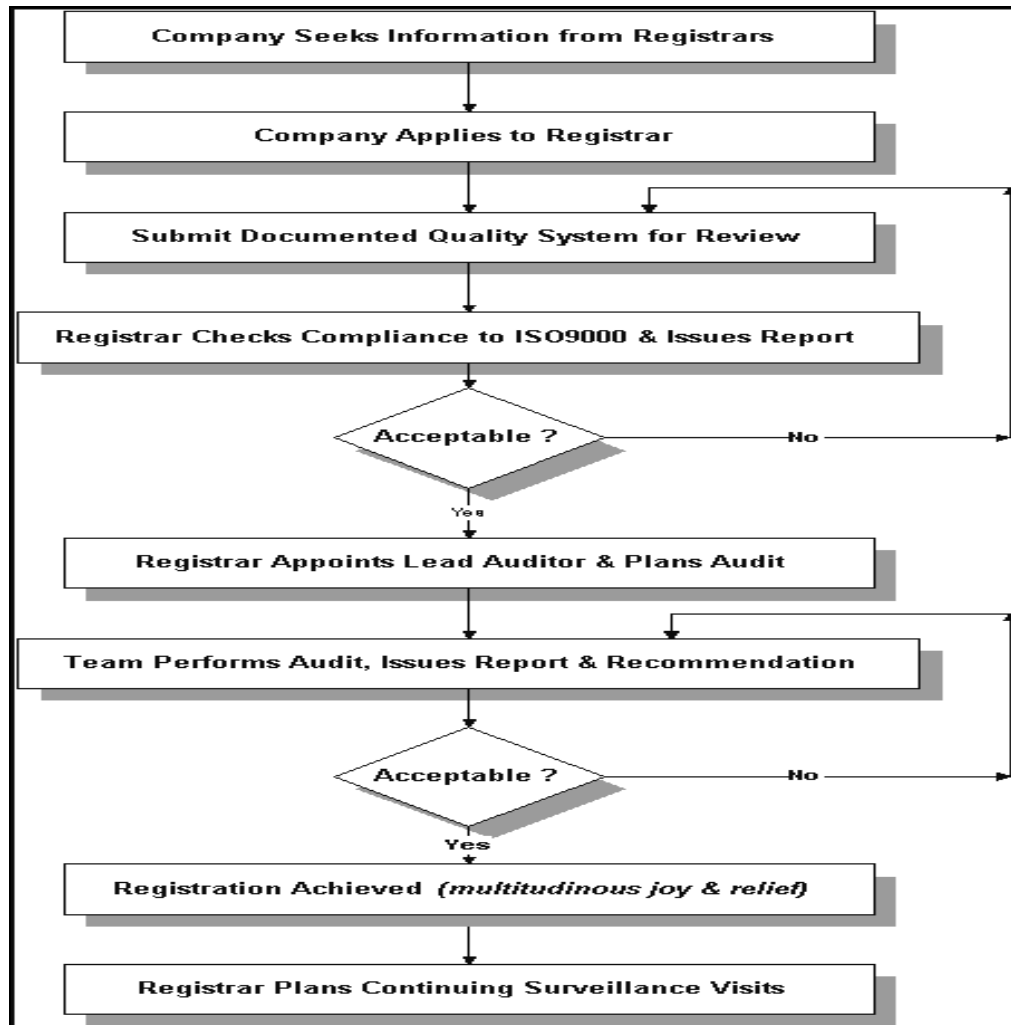
Export Quality Bulletin, No. 53 Management. ITC, Palais des Nations, 1211 Geneva 10, Switzerland. ITC UNCTAD/GATT. This document covers quality requirements and quality assurance of exporters and discusses internationally accepted principles and practice.

## 99. How is ISO certification awarded?

Product and process certification is often awarded, after a firm has met the stipulated standards as established by the ISO certified body.

To become ISO certified, a business must develop a quality system that meets the requirements specified by one of the following three standards: ISO 9001, ISO 9002 or ISO 9003, depending on your business product or service. Once your quality system has been documented and implemented, you must invite an accredited external auditor to evaluate the effectiveness of your system. If the auditor determines that your quality system meets all of ISO's requirements, they will certify your system. As any company's quality management system can be compared for compliance to ISO 9000 a substantial business has developed in offering this service. There are now approximately 120 Registration Bodies throughout the world. All of them operate in a similar fashion. However, their prices and operating timescales differ widely.

### Summarizing the Registration Process



# 100. What are the benefits of ISO certification and which standards should I pursue?

ISO certification brings a number of benefits to their users. The primary purpose of an effective quality system is to inspire confidence among customers in a contractual situation. It is beneficial to the suppliers in that it enables them to achieve customer satisfaction at effective and minimal cost.

Benefits of ISO certification are:

- Increased Productivity & Efficiency
- Improved Communications
- Lower Operating Cost
- Greater product consistency
- More checks and balances
- Fewer mistakes
- International market access
- Advertising and competitive edge
- Better documentation
- Greater quality awareness among employees
- Reduced scrap and rework expenses
- Higher perceived quality
- Improved customer demand
- Increased market share

## Which Standard should you pursue?

ISO 9000 is a series of standards that govern quality management systems. 9001 9002 and 9003 are the actual standards a company can be compliant with. The difference between the three standards is in their scope.

To find out what standards applies to you, contact the Guyana National Bureau Standards (GNBS).

- The **ISO 9001** is the most comprehensive of the three and contains twenty elements. This is basically a quality management and quality assurance standard, in design development, production, installation and servicing.

- The **ISO 9002** standard has nineteen elements, and is concerned with production installation and servicing
- The **ISO 9003** standard has sixteen elements. It is concerned mainly with development, supply and maintenance of software.

Each element of the standards governs a certain facet of a company. The ISO 9001 standard is for those companies who design a product. The ISO 9002 standard is for the service and distribution companies or companies that manufacture a product that was designed by someone else. The ISO 9003 standard is for the development, supply and maintenance of software. Since certification can be expensive, small exporters are advised to consider carefully which markets they wish to enter and whether the benefits of standardization outweigh the costs of the process.

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## RESOURCES

For further information on the benefits of ISO Certification, kindly consult the following web sites  
<http://www.isixsigma.com/library/content/c000917b.asp>  
[http://www.bca.gov.sg/quality\\_assessment/iso\\_certification/iso\\_9000/ISO.html](http://www.bca.gov.sg/quality_assessment/iso_certification/iso_9000/ISO.html)

# 101. | s the ISO certification process costly?

This is one of the common questions being asked by companies. How much will it cost? However, it should be said that the cost is dependent on the size of your firm as well as the firm performing the audit. It is better to survey the expertise of several firms and then make a final determination.

There are no certification bodies in the Caribbean but the following are three reputable firms that are Accredited Certification Bodies in Canada, United States and United Kingdom from March 1998.

Standard Council of Canada  
45 O'Conner St, Suite 1200  
Ottawa, Ontario K1P6N7  
Tel: +613-238-3222  
Fax: 613-995-4564

United States of America  
Registrar Accreditation Ave  
611 East Wisconsin Ave  
Milwaukee, WI 53201  
Tel: + 414-272-8575  
Fax: + 414-272-1734

United Kindom Accreditation Service  
Audley House  
13 Place St London SW1B 5HS  
Tel: + 441-71-233-7111  
Fax: + 441-71-233-5115

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## RESOURCES

The web site <http://www.isixsigma.com/co/iso/> provides a more complete listing of accredited certifying agents and links to other useful sites on certifying agents.

## 102. How do I become ISO certified?

To become ISO certified, a business must develop a quality system that meets the requirements specified by one of the following three standards: ISO 9001, ISO 9002 or ISO 9003, depending on your business product or service. Once your quality system has been documented and implemented, you must invite an accredited external auditor to evaluate the effectiveness of your system. If the auditor determines that your quality system meets all of ISO's requirements, they will certify your system. You can then announce to the world that the quality of your products/services is managed, controlled, and assured by a registered ISO 9000 quality system.

To become ISO 9000 certified:

- Review current practices
- Determine best practices
- Document best Practices
- Document and develop Quality Manual
- Conduct Pre-audit of quality system
- Apply to Registrar for certification

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### RESOURCES

For further information on the benefits of ISO Certification, kindly consult the following web sites  
<http://www.isixsigma.com/library/content/c000917b.asp>  
[http://www.bca.gov.sg/quality\\_assessment/iso\\_certification/iso\\_9000/ISO.html](http://www.bca.gov.sg/quality_assessment/iso_certification/iso_9000/ISO.html)

## 103. What is eco-labeling?

Eco-labeling is a voluntary form of certification in which a product, process, or management system is certified to meet specific environmental criteria as established by an assessment body. Manufacturers wishing to achieve certification to an eco-label program may enjoy marketing advantages because the certification positively differentiates their products as environmentally sound.

- The ISO 14000 environmental labeling guidelines are the most likely to affect your company's presence in the global market place. They deal with product marks and their meanings. Further, they attempt to harmonize existing labeling programs.
- The objective of eco-labeling is to provide a basis for consumer decisions based on environmental criteria. For example, a consumer may choose to purchase a product because it is produced in an environmentally friendly way, as compared to another product, which may be cheaper but is not produced in an environmentally friendly manner.
- Environmental labels are designed to inform consumers of the relative environmental impacts of the products they purchase. Environmental labelling makes a positive statement by identifying a product as less harmful to the environment than another similar product. Credible environmental labels that correctly identify the impact of a product can reduce market failure by promoting the purchase and use of products that cause less damage to the environment.
- Typically, the assessment organization will certify the product/process and upon approval, allow the applicant to use a logo on the product label, packaging, and/or advertising. Independently, a manufacturer can label their products with non-certified, specific, environmental information, which is another form of eco-labeling.
- There are many international eco-labeling entities that certify products for their country, and for manufacturers who sell products in their country. Additional programs certify performance-specific features such as the energy efficiency or indoor air quality emissions of various products or processes.
- An application form for an eco-label cost approximately US\$40, while the actual label can range between US\$200 to US\$500 for a two-year period.



An environmental labelling scheme has the potential to improve the quality of the environment and encourage the sustainable management of resources. There are a number of public good benefits derived from environmental labelling schemes. These include:

- The promotion of economic efficiency
- The reduction of consumer information costs
- The validation of products in a competitive trading environment
- The increase of environmental awareness
- The reduction of impacts of consumption
- The enhancement of key environmental strategies

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## RESOURCES

For further information on Eco-labelling please see [http://www.enviro-choice.org.nz/eco\\_labelling\\_info.html](http://www.enviro-choice.org.nz/eco_labelling_info.html) and [http://www.unice.org/unice/docum.nsf/all+by+description/1248D9631C0DA7CDC1256C22002DCAF1/\\$File/Weeren.pdf](http://www.unice.org/unice/docum.nsf/all+by+description/1248D9631C0DA7CDC1256C22002DCAF1/$File/Weeren.pdf). The latter provides an informed analysis by Silvio Weeren on the *Choices, Limitations and Alternatives of Eco-labelling*.

## 104. **W**here can information be obtained on standards, inspection bodies and quality associations?

The Guyana National Bureau of Standards is the designated entity that provides information on inspection bodies and quality associations. They also provide assistance to businesses in developing the ISO 9000 Quality Management System and the ISO 14000 Environmental Management system.

### **For Further Information Contact:**

*Guyana National Bureau of Standards  
Flat 15, Exhibition Complex, Sophia  
Georgetown, Guyana*

*Tel: 592-225-6226, 225-9013  
227-7890, 227-7050*

*Hotline Number: 227-7889*

*Email: gnbs@sdpn.org.gy*

# 14

## ***PRODUCTION, LABELLING, PACKING AND PACKAGING***

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### FUNDAMENTAL QUESTIONS

- 105. What factors affect my production costs?
- 106. What kind of labelling is required for a consignment abroad?
- 107. What should be the language on the labels?
- 108. How should the measurements of my products be reflected, i.e., imperial or metric?
- 109. What type of packing does the product require?
- 110. How should I package my product?
- 111. How can my labelling, packing and packaging affect my exports?
- 112. How do I know if my product meets labelling and packing requirements for the intended country?
- 113. Where can I obtain information about labelling, packing and packaging requirements of a particular market?
- 114.. What proportion of the product's total cost should be represented by packaging?

# 105. What factors affect my production costs?

Production costs amongst firms tend to vary according to the size of the operation, the region that one is producing in, and the typology classification.

## ***Size of your operations***

- It is generally accepted that larger firms are able to produce units at costs that are normally lower than those of their smaller counterparts. This is because they are able to derive economic benefits from producing in bulk, often referred to as economies of scale. It is important to stress however, that size alone will not reduce unit costs, but of greater importance is the pursuit of efficiency gains, i.e., how the factors of production are utilised to their optimum capacities.

## ***Where you are producing***

- There are certain benefits that accrue to firms producing in particular regions. This is because infrastructure may be better developed, labour is more readily available and raw materials are more accessible. In such situations, one can significantly reduce one's overall production costs, while increasing price competitiveness. Firms therefore tend to 'agglomerate' or come together in 'clusters' to establish linkages and synergies to reduce their individual production costs.

## ***Typology Classification***

- The type of business one is engaged in can also affect production costs. Most manufacturing businesses tend to have higher unit costs, as they require, *inter alia*, larger capital outlay, utilise more imported raw materials, and more skilled labour, and have larger energy requirements. Screwdriver type industries however, generally have lower costs.
- Agricultural products that are susceptible to the vagaries of the weather, may find that their costs are much higher as they need to put in place coping strategies and contingency mechanisms. Hence the industrial sector, within which you are, remains an important determinant of your production costs.

Spend only on those areas of your operations where you think it is cost-effective to do so. AVOID ALL UNNECESSARY EXPENDITURES

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## **RESOURCES**

*"Development, Geography, & Economic Theory"* by Paul Krugman, (1995) MIT Press, Cambridge. This book, *inter alia*, traces the course of economic geography and development theory to shed light on the nature of economic inquiry.

*SME Sector Assistance Program and Action Plan, GEO Technical Report, No. 33.* By Dreiman (2001) Published by GEO Project Office, Earl's Avenue, Subryanville. Cost: Not for Sale Tel: (592)-225-0977, Fax: (592)-225-0978 Email: Contents include: *Problems faced by Guyanese SMEs and What is needed if they are to source niche markets*

## 106. What kind of labelling is required for a consignment abroad?

Labelling is used on export containers to meet shipping regulations, ensure proper handling, reveal the identity of the contents, and help receivers identify shipments. It should NOT be used for advertising purposes.

The overseas buyer usually specifies export marks that must appear on the cargo for easy identification. Markings needed for the actual shipment include:

- Shipper's mark
- Country of origin
- Weight marking
- Number of packages and size of cases
- International handling marks
- Cautionary markings
- Port of entry
- Labels for hazardous materials

To prevent misunderstanding and shipping delays, legibility is extremely important. Letters and symbols are generally stenciled on the package in water-proof black ink on three sides of the carton. To avoid any confusion, remove old markings.

Exporters may find that customs regulations regarding labelling are strictly enforced. Most freight forwarders and export packing specialists can provide the necessary information regarding specific regulations.

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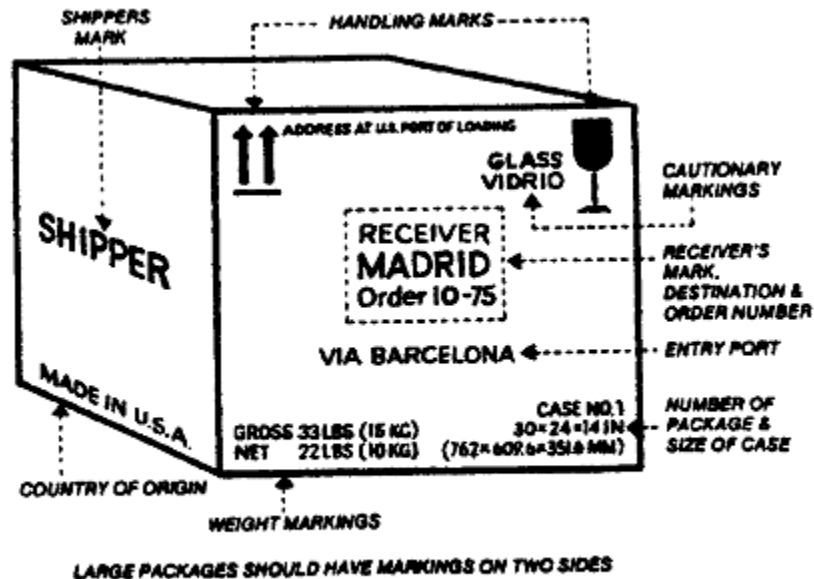
## RESOURCES

*Guide to Exporting from Guyana.* Published by: The Guyana Private Sector Commission (PSC), Cost G\$3,000 obtainable from the PSC 157 Waterloo Street, North Cummingsburg, Georgetown. Tel: (592)-225-0977, Fax: (592)-225-0978 Email: [pscentre@guyana.net.gy](mailto:pscentre@guyana.net.gy) Contents include: *Export procedures, incentive schemes, packaging, financing and insurance, and costing and pricing.*

# 107. What should be the language on the labels?

Unless otherwise instructed by the buyer, label the goods in English.

In some cases, though, bilingual markings would be requested, i.e., both English and the language of the port of destination. There are many internationally recognized symbols that it can be utilized also. Any freight forwarder should be able to provide or instruct you on the appropriate symbols for your shipments. An example of a correctly labeled package is found below:



(Figure reprinted with permission from *Export Documentation* by Donald Ewert.)

## 108. How should the measurements of my products be reflected, i.e., imperial or metric?

The two major systems of measurement is the metric and imperial systems. Most countries today utilise metric measurements, and a few still use the imperial system. Your intended market therefore, will determine which of these systems are applied to your product.

- Metrication is viewed as the new business "language." Learning this "new language" as quickly as possible and making the proper adjustments within the company now will provide a competitive advantage over the other competitors abroad and allow for easier market access.
- By being the first to convert to metrication, you can recover your costs quickly. To compete more effectively, Guyanese companies should consider switching to the metric system as soon as possible. All but the United States and two small countries of the world use the metric system. Metrication is not a complicated process, but it will take careful planning to make it as cost effective and as efficient as possible.
- Some persons have considered using a hybrid approach, using both the imperial and metric systems. However, this can add to you production costs and should be carefully considered before any plans are made to embarking on this approach.
- The Guyana National Bureau of Standards provides some training to local business entities and exporters on the transition to the metric system.

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### RESOURCES

Guyana National Bureau of Standards, Flat 15, Exhibition Complex, Sophia, Georgetown, Guyana, Tel: 592-225-6226, 225-9013, 227-7890, 227-7050, Hotline Number: 227-7889; Email: gnbs@sdnp.org.gy

## 109. What type of packing does the product require?

Packing or 'shipment packing' has as its main function the prevention of damage of the product contained inside.

- Determining what type of packing your products will require will depend on the type of goods being transported. However, this notwithstanding, you should be cognisant of the method of storage, transport and distribution of the product. As such, the package and its contents must be wrapped and stored in a manner that will protect against:
  - ✓ Humidity,
  - ✓ Odour contamination, and
  - ✓ Any other forms of contamination or hazards that may arise between port of entry and destination
- Goods must be packed in a fashion that will protect against, or minimise the possibility of breakage, as in the case of precision instruments, against leakage of liquids or semi-liquids such as oil or paint.

The need for protection and preservation brings out the importance of selecting the correct method for stacking the products as well as the right type of packing materials capable of withstanding the hazards the product may be exposed to. The most reliable packing materials are paper, styro-foam, cellophane, aluminium foils and plastic films. Needless to say, the package should not contaminate the product or itself be adversely affected by the product. This is especially true of products with delicate flavours that have to survive long shelf life, for example, teas.

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## RESOURCES

For further assistance contact the NGMC at its main office at 87 Robb and Alexander Street, Lacytown, on Tel: 592-227-1630 / 226-8255 (Georgetown), Fax: 592-227-4114, Website: <http://www.agrinetguyana.org.gy/ngmc/>, or its packaging facility at Sophia Exhibition Site, Greater Georgetown, Guyana.



## 110. How should I package my product?

When packaging a product for export there are four major factors to keep in mind: breakage, weight, moisture and pilferage. How a product should be packaged also depends upon the destination and the method of transportation. Typical types of packages include cartons or fiberboard boxes; plastic or fiberboard containers; drums and tubing; or Styrofoam.

In considering how to package your product, you will need to consider that:

- Aside from the normal handling encountered in domestic transit, the exporter must consider the stress on the package due to repeated loading and unloading. Goods can be stacked, shoved, processed on a conveyer belt, sent down a chute, pushed, dragged or dropped. Furthermore, it is not unusual to find goods being transported from Guyana being exposed to rain at various ports of transport.
- In some cases buyers will not give any packaging specifications. In such instances, be sure to pack in strong containers that are adequately sealed and filled; ensure the weight is evenly distributed within the container; pack goods on pallets if possible to ensure greater ease in handling; ensure that packages and filler are made of moisture resistant material.
- To avoid pilferage, it is best to use plain boxes void of logos and name brands. Such blatant "advertising" of the goods inside the package increase the susceptibility of the package to tampering.
- Normally, air shipments require lighter packaging than ocean shipments. For both ocean and air shipments, freight forwarders and carriers can provide the best information on packaging.
- As transportation costs are determined by volume and weight, special reinforced and lightweight packing materials have been devised for exporting. Care in packing goods to minimize volume and weight while giving strength may well save money while ensuring that goods are properly packed.

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### RESOURCES

For further assistance contact the NGMC at its main office at 87 Robb and Alexander Street, Lacytown, on Tel: 592-227-1630 / 226-8255 (Georgetown), Fax: 592-227-4114, Website: <http://www.agrinetguyana.org.gy/ngmc/>, or its packaging facility at Sophia Exhibition Site, Greater Georgetown, Guyana.

# 111. How can my labelling, packing and packaging affect my exports?

Although your labeling, packing and packaging may be perfectly suitable for your local market, and you may have been successfully selling your product locally, you may need to change them for your product to be viable on the export market.

- You need to ensure that you comply with the standard requirements of the intended market, i.e., Bar code, ISO 9000 or ISO 14000.
- Ensure that the name of your product does not have an alternate meaning in the intended market.
- Your product must meet the labelling, packing and packaging requirements of the intended market. In some instances, you may be required to have dual labels, for example, labels in both English and Spanish.
- Try never to clutter your label as it can appear unattractive and discourage intended buyers.
- Some countries have strict environmental laws, and may impose a tax on certain types of packaging. You should be aware of this since it will increase your cost of exporting to that country.
- Your external packaging will have to withstand the rigors of exporting. To avoid damage to your product, it may be necessary to design a sturdier exterior package for the purpose of export. Your package will have to be resistant to abrasion, able to withstand a substantial amount of handling, and are able to stand up to climatic factors such as humidity and variations in temperature.

Particular care must be taken for the packaging of products for export to developed countries. Some countries have strict regulations on packaging and labelling, particularly for nutritional, perishable or dangerous goods. In Europe, consumers are environmentally conscious, hence exporters exporting to these markets should use eco-friendly packaging.

Your internal packaging may have to be altered depending on where the product is to be displayed or sold. For example, near to the coast may cause metal erosion by salt spray. Additionally, it is important to consider the standard store shelf dimension when packing your product.

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## RESOURCES

Trade Secrets: The Export Answer Book for Small and Medium-Sized Exporters, produced by the International Trade Centre is a useful base document. For further information consult <http://export2.2rad.net/Tutorial/Secrets/TSCover.htm> .

## 112. How do I know if my product meets labelling and packaging requirements for the intended country?

Unfortunately, there is no one source that will provide a comprehensive list of labelling and packaging requirements in a country.

When considering exporting, the following points in relation to labelling and packaging are noteworthy:

- Environmental laws
- Labelling and packaging requirements
- Laws and requirements that exist with respect to the content of the product and the countries involved in trade, i.e., importer and exporter.
- Treaties and agreements that exist between the importing and exporting countries in connection with the product that you are exporting and what quantities may be allowed.
- Embargoes that may exist

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## RESOURCES

For further assistance contact the NGMC at its main office at 87 Robb and Alexander Street, Lacytown, on Tel: 592-227-1630 / 226-8255 (Georgetown), Fax: 592-227-4114, Website: <http://www.agrinetguyana.org.gy/ngmc/>, or its packaging facility at Sophia Exhibition Site, Greater Georgetown, Guyana.

## 113. **W**here can I obtain information about labelling, packing and packaging requirements of a particular market?

The following sources can provide valuable information to assist you with regards to knowing the requirements of your intended market:

- The Guyana National Bureau of Standards, the New Guyana Marketing Corporation and the Bureau of Standards in the target market
- The Chamber of Commerce in the intended country
- Existing competitors' products being sold in the intended market
- Food and Drugs administration in the intended country
- Person to whom you are exporting
- Your Customs Broker
- ISO Standards and standards of the intended market
- Internet sites about the intended market
- Your freight company
- Your agent or distributor

## 114. What proportion of the product's total cost should be represented by packaging?

Not only does good packing affect the cost of transport and handling, and the scale and cost of insurance, it also creates a favourable image, differentiates the product among competitors, and aids retailers in making their shelf and window dressing more attractive. The cost of packaging must however be low enough to permit the competitive pricing of the products.

- Packaging costs can vary enormously in relation to total costs. The proportion is primarily influenced by the nature of the product, the method of shipment used, the distribution chain, product value, and consumer preferences in the intended market. For example, for heavy engineering products, the share of packaging costs should be as low as 1% or lower. The cost of packaging in the processed food sector could amount to 12-15% average.
- Nevertheless, the principal objective of transportation packaging is to get the goods safely to the buyer or importer and eventually to the final consumer at the minimum possible cost. It is almost impossible to get all the goods to the destination in perfect condition at a reasonable packaging price: there will always be some damage or loss. The exporter should also keep in mind that too much packaging can be a waste of money and may mean extra environmental costs, while inappropriate packaging may result in expensive losses.

The exporter should always obtain and compare quotations from more than one supplier of packaging materials and equipment.

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### RESOURCES

**Packaging Food: Principles and Practice**, Marcel Dekker, Inc. 270 Madison Avenue, New York, New York 10016 USA

**Trade Secrets: The Export Answer Book for Small and Medium-Sized Exporters**, produced by the International Trade Centre is a useful base document. For further information consult <http://export2.2rad.net/Tutorial/Secrets/TSCover.htm> .

# 15

## TRANSPORTATION

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### FUNDAMENTAL QUESTIONS

- 115. What is a customs broker and what qualities should he/she possess?
- 116. What is a freight forwarder and how should I select one?
- 117. What issues should be considered when deciding on the best way to transport my products?
- 118. Who can transport my product?
- 119. Is it necessary to insure goods for export?
- 120. What measures can I take to reduce my transportation costs?
- 121. What is a force majeure and who is responsible for damage or loss arising from this and other causes?
- 122. What documents will I need to provide to my transport company?
- 123. Where can I find a reliable source of information to ensure my shipments comply with export and import regulations?
- 124. Are there special export requirements for the exportation of agricultural products?
- 125. What is a certificate of origin, when is one required and where can I get one?

*Appendix 15(a): A Sample of Certificate of Origin*

# 115. What is a customs broker and what qualities should he/she possess?

A customs broker is an independent person, whose function is to transact all customs related issues pertaining to imports and exports.

A good customs broker should:

- Be able to clear goods for more than one person at the same time
- Give his/her clients timely delivery
- Possess a broker's license
- Have a few years of experience
- Be honest, loyal, genuine, - generally be of good integrity

You can expect your customs broker to charge you a fee that is proportional to the total CIF value of your shipment. The charge will also depend on the category of goods in which you are dealing, and the number of different documents that your broker will have to prepare.

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## RESOURCES

Customs and Trade Administration of the Guyana Revenue Authority, Main Street, Georgetown, Guyana, Tel: 592-225-6931-7

## 116. **W**hat is a freight forwarder and how should I select one?

A freight forwarder is a person who acts as an agent for the exporter in moving cargo to the overseas destination. These agents are familiar with the import rules and regulations of foreign countries, methods of shipping, government export regulations, and the documents connected with foreign trade.

Freight forwarders can assist with an order from the inception by advising the exporter on:

- Freight costs,
- Port charges,
- Consular fees,
- Cost of special documentation,
- Insurance costs, and
- Handling fees

Freight forwarders may also recommend the type of packing for best protecting the merchandise in transit; they may be able to arrange to have the merchandise packed at the port or containerized. The cost for their services is a legitimate export cost that should be figured into the price charged to the customer.

When the order is ready for shipment, freight forwarders should be able to review the letter of credit, commercial invoices, packing list, and so on to ensure that everything is in order. They can also reserve the necessary space on board an ocean vessel, if the exporter desires.

If the cargo arrives at the port of export and the exporter has not already done so, freight forwarders may:

- Make the necessary arrangements with customs brokers to ensure that the goods comply with customs export documentation regulations,
- Have the goods delivered to the carrier in time for loading,
- Prepare the bill of lading and any special required documentation, and
- Forward all documents directly to the customer or to the paying bank, if desired.

Before selecting a freight forwarder, the following should be kept in mind:

- Is it possible to build a relationship with the forwarder?
- Does the freight forwarder size, system and specialisation match your needs?
- Is the freight forwarder reliable?

To find a reliable freight forwarder, the exporter should consult with the Go-Invest, the Private Sector Commission, or the Chamber of Commerce.

Primarily because of the physical difficulties often encountered in exporting, most medium and large scale exporters prefer to delegate these responsibilities to freight forwarders. Freight forwarders are professionals knowledgeable in all aspects of transportation and logistics management. **DO NOT HESITATE TO USE THEM!**

### RESOURCES

Customs and Trade Administration of the Guyana Revenue Authority, Main Street, Georgetown, Guyana, Tel: 592-225-6931-7



# 117. What issues should be considered when deciding on the best way to transport my products?

In export transactions, it will be advantageous for you to keep freight costs to a minimum while still meeting the customer's needs. However, for each product the exporter will have to make a choice, depending among other things on the perishability of the product, whether to use quicker, more expensive transportation means or slower, cheaper means of transporting the product.

Generally, minimal additional costs added to production costs will help the company obtain an international competitive advantage. But deciding upon the best means of transporting your product stretches beyond mere cost consideration. Other considerations are:

- Type of good and its life expectancy
- Quantity being transported
- What type of shipping is being preferred, or what type is available to you, i.e., bulk, break bulk or containerized
- Freight rate: for full container load, break bulk and containerized
- Transit and delivery time
- Does the chosen mode of transportation deliver your product in time for the customer?
- Does the chosen mode of transportation deliver well within the life expectancy of the product?
- Does your shipping agent transport to your intended destination
- Who has the best and most reliable service
- Are there other costs attached to the shipment when it arrives at its port of destination?

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## RESOURCES

New Guyana Marketing Corporation (NGMC) Robb and Alexander Streets, Bourda, Georgetown; Tel: 592-227-1630  
Guyana Shipping Association, c/o John Fernandes Ltd., lot 1 Water Street, Georgetown; Tel: 592-226-3241;  
Email: [enquiries@jf-ltd.com](mailto:enquiries@jf-ltd.com)

# 118. Who can transport my product?

There are any number of alternatives opened to the exporter, but such choices are tempered by the following considerations

## ***Ocean Freight***

- Ocean freight rates are usually based on cubic measure, not actual weight. Rates also depend upon destination, amount of traffic going to that area, and the frequency of trips made to that area.

## ***Air Freight***

- Air freight rates are calculated differently. The goal of airlines is to fill the plane to capacity with as much weight as permissible and, because of this, they can offer better rates than freight forwarders for dense, heavy cargo. Rates also vary depending on destination, amount of traffic, and frequency of trips made to that area.

## ***Road Transportation***

- Allows direct transportation from the supplier's to the buyer's warehouses, heightens security and assures the greatest degree of flexibility. Normally fast and safe but the prices do differ greatly.

## ***Freight Forwarder***

- Though freight forwarders are increasingly incorporating all facets of transportation within their organizations, there are some companies that exclusively specialize in either sea or air freight. A forwarder may offer consolidated air services which allow him to sell less expensive rates based on combining shipments to the same destination from a variety of shippers.

## ***Multi modal transportation***

- A combination of two or more of the methods described above. The use of containers is the preferred method of transportation.

The costs of transportation are paid by the buyer or the seller. The designated party should be predetermined in the terms of sale. Most often, the seller pays for transport to the foreign port and the buyer pays for any shipping thereafter including inland transport, etc.

The plane or ship will make its scheduled trips even if it is not at full capacity. Because the shippers prefer a full load, forwarders can sometimes offer a cheaper rate by combining shipments of several exporters headed for the same destination.

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## **RESOURCES**

New Guyana Marketing Corporation (NGMC) Robb and Alexander Streets, Bourda, Georgetown; Tel: 592-227-1630

Guyana Shipping Association, c/o John Fernandes Ltd., lot 1 Water Street, Georgetown; Tel: 592-226-3241; Email: enquiries@jfltd.com

## 119. Is it necessary to insure goods for export?

Insurance is advisable in international trade because of the risks that are present in any export transaction. A company can often use insurance as a risk management tool.

### ***Shipping Risk Insurance***

Shipping risk coverage is generally purchased from warehouse to warehouse and policies are purchased on a shipment-by-shipment basis. This type of insurance is usually available through the freight forwarder. Shipping risk insurance can also be purchased from an insurance agent. The agent will base the cargo insurance on the value of the entire shipment including freight costs. Rates will vary according to the product, client, destination, etc. Air cargo insurance generally costs less than ocean cargo insurance.

### ***Commercial Risk Insurance***

Commercial risk insurance covers losses due to non-payment by the buyer. By having such an insurance plan, you can extend credit to foreign buyers, which enhances your competitive position.

Either the foreign importer or the exporter may bear the cost for the cargo insurance. The party bearing this cost should be pre-determined in the terms of sale. However, if the foreign importer is responsible for the insurance, the exporter should not assume that adequate insurance coverage has been obtained. As such, in many cases the exporter may want to provide the insurance to guarantee a proper level of coverage.

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## RESOURCES

Trade Secrets: The Export Answer Book for Small and Medium-Sized Exporters, produced by the International Trade Centre is a useful base document. For further information consult <http://export2.2rad.net/Tutorial/Secrets/TSCover.htm>.

## 120. What measures can I take to reduce my transportation costs?

An exporter has the option of transporting his/her product using either air or ocean freight. Furthermore, he/she has to choose between container consolidation or break bulk transporting. Both air and ocean freight can offer you container consolidation and break bulk transporting. Air freight is generally more expensive than ocean freight but a number of factors should be considered before deciding which to use. These factors would include whether the goods are perishable or non-perishable, the distance of the port of call and how soon the goods have to be delivered.

- Container consolidation involves options such as less than container load (LCL) and full container load (FCL) shipment. The former involves the sharing of a container by two or more exporters, which lowers the cost of transportation and ensures some protection of your goods. The latter entails one exporter utilising an entire container as their goods can fill the container. This option also provides the goods with a significant amount of protection from damage.
- Break bulk shipping involves placing your exposed cargo in the hull of the vessel or the cargo-hold in the aeroplane. This is a good option depending on the type of goods and the distance of the port of call as exposed goods are susceptible to pilferage, ocean spray and contamination, among other things.

It is important to note that cost of transportation is important but other factors must be taken into consideration when one wants to provide quality goods and services in a reliable and timely fashion.

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### RESOURCES

New Guyana Marketing Corporation (NGMC) Robb and Alexander Streets, Bourda, Georgetown; Tel: 592-227-1630  
Guyana Shipping Association, c/o John Fernandes Ltd., lot 1 Water Street, Georgetown; Tel: 592-226-3241;  
Email: [enquiries@jf-ltd.com](mailto:enquiries@jf-ltd.com)

## 121. What is a 'force majeure' and who is responsible for damage or loss arising from this and other causes?

*Force Majeure* literally means "greater force". These clauses excuse a party from liability if some unforeseen event beyond the control of that party prevents it from performing its obligations under the contract.

Typically, *force majeure* clauses cover:

- Natural disasters (earthquakes, hurricanes, floods)
- Wars, riots or other major upheaval
- Performance failures of third parties outside the control of the contracting party (e.g., suppliers and sub-contractors)

It is important to remember that *force majeure* clauses are intended to excuse a party ONLY IF the failure to perform could not be avoided by the exercise of due care by that party.

When negotiating *force majeure* clauses, make sure that the clause applies equally to all parties to the agreement--not just the licensor. Also, it is helpful if the clause sets forth some specific examples of acts that will excuse performance under the clause, such as wars, natural disasters, and other major events that are clearly outside a party's control. Inclusion of examples will help to make clear the parties' intent that such clauses are not intended to excuse failures to perform for reasons within the control of the parties.

### An example of a force majeure clause

- "Neither party shall be liable in damages and have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected."

Many *force majeure* clauses apply equally to both sides, excusing either party from its obligations in the event of a triggering event; however, few clauses excuse the failure to pay money. For all practical purposes, the clauses will only excuse failures to perform by the licensor (foreign importer). Accordingly, licensees (exporter) should seek express guarantees of some level of minimum access from licensors.

## RESOURCES

Ministry of Legal Affairs, 95 Carmichael Street, North Cummingsburg, Georgetown, Tel: 592-226-2616-8; Fax: 592-222-0732

## 122. What documents will I need to provide to my transport company?

It is advisable that you check with your transport company for a complete list of documents that they may require. Generally though, the list below gives an indication of what is normally required, though not all the items in this list may be asked for in every case.

- Pro forma Invoice
- Commercial Invoice
- CARICOM Invoice (if exporting to a CARICOM destination)
- Packing list
- Bill of lading
- Sanitary or health certificate (for food items, agricultural products, animal meat and wildlife)
- Certificate of Insurance
- Certificate of Origin
- Freight Bill
- Export License

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### RESOURCES

Guyana Shipping Association, c/o John Fernandes Ltd., lot 1 Water Street, Georgetown; Tel: 592-226-3241;  
Email: [enquiries@jf-ltd.com](mailto:enquiries@jf-ltd.com)

## 123. Where can I find a reliable source of information to ensure my shipments comply with export and import regulations?

Completing your shipping documentation and arranging transportation for your shipment require expertise and practical experience. There are a number of brokers and agents who can assist you with these tasks.

It is useful to first check with the Customs and Trade Administration to ascertain that you are complying with the trade regulations of the various international markets. This entity will be able to assist you in determining what procedures you have to follow and what documentation is required. Additionally, a number of agents and brokers assist exporters with their consignment at a fee arranged between the two parties.

In completing your documentation, be sure to check that the following are done:

- Determine whether or not your customer uses a handling agent for the importation of the goods. If he/she does, ensure that the importer's name and address are shown in the document. For example, Mr. Long John, 260 Silver Drive, New Hampshire NY 10804, UNITED STATES OF AMERICA. Failure to do so may result in delays in clearing the consignment.
- Agree with the carrier the collection and delivery points, the freight and other charges. Be sure that the document correctly reflects the journey involved. For example, Port Georgetown, Guyana to Port De Gaulle, France. Failure to do so may result in an incorrect freight charge being applied.
- State the port of discharge. For example, Port, Bruinswik – SURINAME.
- If shipping a full container load, make sure the container is sealed and the number of the seal is correctly noted on the document. For example, Mr. Long John, 260 Silver Drive, New Hampshire NY 10804, UNITED STATES OF AMERICA. Seal #: 29626.
- State the correct gross weight of the consignment. For example, Gross Weight 2000kgs.
- Correctly calculate the volume of the consignment. For example, 200 cubic metres.
- Determine the tariff number applicable in your customer's country and ensure that it is shown on the document. For example, Tariff Number: 309211.
- Be clear about who is responsible for what charges involved in moving the product.
- List the documents that you are supplying to the carrier.

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### RESOURCES

Customs and Trade Administration of the Guyana Revenue Authority, 34 Main Street, North Cummingsburgh, Georgetown, Guyana. Tel: 592-225-6931-7

## 124. Are there special export requirements for the exportation of agricultural products?

The requirements under which agricultural products are exported from Guyana include both special conditions laid down by intended markets and the need to protect the integrity of your product.

- A number of sanitary and phytosanitary (SPS) measures have been instituted under the WTO. These measures stipulate that certain agricultural products undergo some quality checks before they are imported into certain markets.
- The SPS agreement under the WTO sets clear and in more detail, the rights and obligations for food safety, and animal and plant health measures that affect trade. The agreement gives flexibility to individual countries to set and enforce safety requirements that are crucial to protecting human, animal or plant health, on the basis of scientific information. As such, certain commodities require an SPS before they are exported (*see Chapter 3*).

Under the WTO, the SPS, allow members to be part of a non-discriminatory trading system, which guarantees that exports will be treated fairly and consistently in other countries' markets. In return, each country must promise to do the same for imports into its own market.

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### RESOURCES

Customs and Trade Administration of the Guyana Revenue Authority, 34 Main Street, North Cummingsburgh, Georgetown, Guyana. Tel: 592-225-6931-7



## 125. **W**hat is a certificate of origin, when is one required and where can I get one?

A Certificate of Origin is a document, required by some foreign governments for some goods, declaring that goods in a particular international shipment are of a certain origin. Even though the commercial invoice usually includes a statement of origin, some countries require that a separate certificate be completed.

- Customs offices tend to use the Certificate of Origin to determine whether or not a preferential duty rate applies on the products being imported and whether a shipment may be legally imported during a specific quota period.
- A Certificate of Origin is a signed statement as to the country of origin of the exported products for a particular shipment. The country of origin is NOT the country from where the product is shipped. The country of origin is the country where the product was manufactured or last underwent a substantial change or modification. For example, the country of origin for 100% cotton, knit T-shirts that are manufactured in Guyana and then shipped to the U.S. and have a logo or slogan placed on them, and are then exported to England, would be Guyana. However, if the cotton knit fabric was manufactured in Guyana and then shipped to the U.S. and the fabric was transformed into T-shirts and are then exported to England, the country of origin would be considered the U.S.

### ***Procedure***

- The appropriate certificate of origin form must be collected and completed by the exporter and submitted to the Customs and Trade Administration for approval.
- If the exporter is unsure whether or not the product satisfies the rules of origin requirement, he/she should be prepared to submit a sample of the export product and any other support data as may be requested by the CTA.

Forms are obtainable from the CTA or the stationery stores cited earlier in this manual. These documents are valid for one month.

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## **RESOURCES**

Customs and Trade Administration of the Guyana Revenue Authority, 34 Main Street, North Cummingsburgh, Georgetown, Guyana. Tel: 592-225-6931-7

**APPENDIX 15(a)**

